Audit Report on Financial Statements
issued by an Independent Auditor

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2019

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 28)

To the shareholders of GRENERGY RENOVABLES, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of GRENERGY RENOVABLES, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2019, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2019 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

Key audit matters

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

Acquisition of Parque Eólico Quillagua SpA

Description	As described in Note 5 to the accompanying financial statements, on November 8, 2019, the Parent Company acquired all of the shares of Parque Eólico Quillagua, SpA for 7,010 million euros. This Company operates a 95 MW photovoltaic power plant in Chile. The transaction falls within the scope of IFRS 3, "Business Combinations," and therefore, as explained in Note 5 to the accompanying consolidated financial statements, the identifiable assets acquired, and the liabilities assumed, must be recorded in the Group's consolidated financial statements at their fair value on the acquisition date. The Group has received assistance from independent experts to determine these values. Given that recording this transaction requires that Group Management make certain judgments and assumptions and due to the significance of the related amounts, we determined this to be a key audit matter.
Our response	Our audit procedures included the following: ▶ Analyzing the consideration established in the purchase agreement to verify that the cost of the business combination was correctly determined. ▶ Reviewing the acquired company's financial information substantiating its key balance sheet headings. ▶ Assessing the reasons for which business combinations were valued under favorable terms, by verifying the amount of the negative difference on consolidation, including the estimate of deferred taxes arising as a result of the provisional adjustment made by the Group. ▶ Evaluating Group Management's and its independent experts' analysis for determining the reasonable amount of the acquired net assets. ▶ Confirming the independence of the independent experts that assisted the Group. ▶ Reviewing the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Recognition of income from construction contracts

Description	The Grenergy Group carries out a significant part of its business though contracts for the construction of Photovoltaic solar plants. The information on the recognition of revenue from these contracts is provided in Note 4.13 of the accompanying consolidated financial statements.

Since it affects the valuation of uncertified work carried out, which at December 31, 2019 amounts to 6,371 thousand euros, and that it likewise affects an exceedingly relevant amount of the total volume of consolidated revenue, requiring that Group Management make significant estimates related primarily to total costs, costs incurred, completion costs, and the expected profit or loss earned upon project completion, all of which fall within the scope of the criteria established in IFRS 15, "Revenue from Contracts with Customers," we determined this revenue recognition method to be a key audit matter.

Our response

Our audit procedures included the following:

- Gaining an understanding of the process used to manage projects under construction, including evaluation of the design and implementation of the relevant controls.
- Choosing a selected sample of contracts, based on their significance, and verifying that their terms and conditions, as well as the invoiced income and related sales costs at year end, were recognized in the income statement in accordance with the input method (based on costs incurred in proportion to estimated total costs) over time, ensuring that costs are allocated at the correct amount and to the correct period, and checking against bank statements that invoiced amounts have been collected.
- Inquiring with Company Management about the development stage of the most relevant projects to ensure that there are no significant deviations between the projected and actual costs.
- Checking that the balances of uninvoiced completed construction recognized at December 31, 2019 from invoices issued after year-end have been billed correctly.
- Performing analytical testing on construction margins.
- Verifying against supporting documentation that 100% of completed construction was provisionally accepted.
- Reviewing the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Other information: consolidated management report

Other information refers exclusively to the 2019 consolidated management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. In conformity with prevailing audit regulations in Spain, our responsibility in terms of the consolidated management report is to assess and report on the consistency of the management report with the consolidated financial statements based on the knowledge of the Group we obtained while auditing the consolidated financial statements, and not including any information not obtained as evidence during the course of the audit. In addition, our responsibility is to assess and report on whether the content and presentation of the consolidated management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described in the above paragraph, the information contained in the consolidated management report is consistent with that provided in the 2019 consolidated financial statements and their content and presentation are in conformity with applicable regulations.

Other matters

On April 3, 2019 other auditors issued their audit report on the 2018 consolidated financial statements, in which they expressed an unqualified opinion.

Responsibilities of the parent company´s directors and the audit committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company 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 has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

We communicate with the audit committee of the parent company 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.

We also provide the audit committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

Report on other legal and regulatory requirements

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on February 26, 2020.

Term of engagement

The ordinary general shareholders' meeting held on June 17, 2019 appointed us as auditors for three years, commencing on December 31, 2019.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under No. S0530)

(signed in the original version)

David Ruiz-Roso Moyano
(Registered in the Official Register of Auditors under No. 18336)

February 26, 2020

GRENERGY RENOVABLES S.A.
AND SUBSIDIARIES

CONSOLIDATED ANNUAL ACCOUNTS AND MANAGEMENT REPORT CORRESPONDING TO THE YEAR ENDED AT DECEMBER 31, 2019

Translation of a report issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2019 AND DECEMBER 31, 2018

(Euros)

ASSETS	Notes	12.31.2019	12.31.2018 (*)	EQUITY AND LIABILITIES	Notes	12.31.2019	12.31.2018 (*)
NON-CURRENT ASSETS		**88,044,141**	**18,715,488**	**EQUITY**		**37,097,475**	**25,310,682**
Intangible assets	**Note 7**	**9,445,907**	**2,697,418**	**CAPITAL AND RESERVES**		**37,247,581**	**25,539,372**
Software		70,720	3,093	**Share capital**	**Note 13.1**	**8,507,177**	**3,645,933**
Patents, licenses, and trademarks		9,375,187	2,694,325	Issued capital		8,507,177	3,645,933
				Share premium	**Note 13.2**	**6,117,703**	**6,117,703**
Property, plant, and equipment	**Note 6**	**70,346,859**	**14,774,624**	**Reserves**	**Note 13.3**	**15,444,869**	**8,373,059**
Plant and other PP&E items		1,271,860	609,331	**(Shares and participation units of the Parent)**	**Note 13.4**	**(3,328,497)**	**(2,062,970)**
PP&E under construction and prepayments		69,074,999	14,165,293	**Profit for the year attributable to the Parent**	**Note 21**	**11,436,955**	**9,725,962**
				Valuation adjustment	**Note 14**	**(930,626)**	**(260,315)**
Right-of-use assets	**Note 8.1**	**4,564,434**	**182,641**	Hedging transactions		(477,733)	-
				Exchange profit/(loss)		(452,893)	(260,315)
Investments in group companies and associates	**Note 9.1**	**-**	**11,474**	**Minority interests**	**Note 15**	**(150,106)**	**(228,690)**
Equity instruments		-	11,474				
				NON-CURRENT LIABILITIES		**73,437,618**	**9,734,836**
Financial investments	**Note 9.2**	**188,991**	**92,737**	**Non-current provisions**	**Note 16**	**2,748,384**	**-**
Non-current financial assets		102,067	-	**Borrowings**	**Note 17**	**67,239,122**	**9,734,836**
Other financial assets		86,924	92,737	Bonds and other marketable securities		21,539,686	-
				Bank borrowings		41,764,740	9,333,447
Deferred tax assets	**Note 20**	**3,497,950**	**956,594**	Finance lease liabilities		3,726,447	134,854
Deferred tax assets		3,497,950	956,594	Other financial liabilities		208,249	266,535
				Deferred tax liabilities	**Note 20**	**3,450,112**	**-**
CURRENT ASSETS		**69,582,869**	**41,856,191**	**CURRENT LIABILITIES**		**47,091,917**	**25,526,161**
Inventories	**Note 10**	**8,851,116**	**11,624,696**	**Current provisions**	**Note 16**	**828,909**	**64,150**
Raw materials and other consumables		1,015,452	1,115,309				
Plant in progress		7,777,484	10,479,885	**Borrowings**	**Note 17**	**9,642,204**	**7,333,584**
Prepayments to suppliers		58,180	29,502	Bank borrowings		4,953,157	6,061,848
Trade and other receivables		**24,762,622**	**14,596,075**	Finance lease liabilities		692,217	27,662
Trade receivables for sales and services	**Note 11**	12,419,040	12,484,921	Derivatives		654,429	-
Other receivables		160,220	11,817	Other financial liabilities		3,342,401	1,244,074
Receivables from employees		20,290	7,486				
Current tax assets	**Note 20**	16,112	-	**Payables to group companies and associates**	**Note 18 and 24.1**	**-**	**333,769**
Other receivables from public administrations	**Note 20**	12,146,960	2,091,851				
Investments in group companies and associates		**40,512**	**45,830**	**Trade and other payables**		**36,620,804**	**17,763,282**
Loans to group companies and associates	**Note 9.1 and 24.1**	40,512	45,830	Suppliers		23,388,491	10,662,365
Financial investments	**Note 9.2**	**6,873,062**	**2,360,303**	Suppliers, group companies, and associates	**Note 22.1**	5,436	27,759
Loans to companies		-	2,236,465	Other payables		1,938,348	466,153
Other financial assets		6,873,062	123,838	Employee benefits payable		536,097	467,792
Accruals		**282,470**	**110,246**	Current income tax liabilities	**Note 20**	730,798	-
Cash and cash equivalents	**Note 12**	**28,773,087**	**13,119,041**	Other payables to public administrations	**Note 20**	1,370,551	299,458
Cash		28,773,087	13,119,041	Clients prepayments	**Note 11**	8,651,083	5,839,755
				Accruals		**-**	**31,376**
TOTAL ASSETS		**157,627,010**	**60,571,679**	**TOTAL EQUITY AND LIABILITIES**		**157,627,010**	**60,571,679**

(*) Restated figures (Note 2.4)

The accompanying Notes 1 to 28 and the Appendixes are an integral part of the consolidated statement of financial position at December 31, 2019 and 2018.

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2018

(Euros)

	Notes	12.31.2019	12.31.2018 (•)
CONTINUING OPERATIONS			
Revenue	**Note 26**	**72,289,630**	**26,577,205**
Sales revenue		70,931,791	25,567,266
Revenue from services rendered		1,357,839	1,009,939
Changes in inventories of finished goods and work in progress		**(2,702,401)**	**1,009,770**
Work performed by the entity and capitalized	**Note 19**	**12,239,733**	**8,190,763**
Cost of sales	**Note 21**	**(62,588,351)**	**(22,061,075)**
Consumption of raw materials and other consumables		(62,574,844)	(21,703,217)
Subcontracted work		(13,507)	(357,858)
Other operating income		**51,772**	**68,885**
Ancillary income and other operating income		51,772	68,885
Employee benefits expense		**(4,784,016)**	**(3,152,305)**
Wages, salaries, et al		(4,011,197)	(2,726,285)
Social security costs	**Note 21**	(772,819)	(426,020)
Other operating expenses		**(4,846,025)**	**(3,617,168)**
External services	**Note 21**	(4,028,078)	(3,399,488)
Taxes other than income tax		(53,188)	(28,137)
Losses on, impairment of, and changes in trade provisions	**Note 16**	(764,759)	(142,930)
Other current management expenses		-	(46,613)
Depreciation and amortization	**Note 6 & 7**	**(660,945)**	**(881,431)**
Impairment losses and gains (losses) on disposal of non-current assets	**Note 6**	**(290,804)**	**9,357,919**
Impairment and losses		(291,320)	(2,174,486)
Gains (losses) on disposals		516	11,532,405
Gains (losses) due to loss of control over consolidated interests		**19,747**	**(84,433)**
Other gains (losses)	**Note 5**	**8,790,226**	**-**
OPERATING PROFIT		**17,518,566**	**15,408,130**
Finance income	**Note 21**	**55,019**	**-**
Finance costs	**Note 21**	**(1,141,769)**	**(1,559,392)**
Third-party borrowings		(1,141,769)	(1,559,392)
Currency translation differences	**Note 21**	**(2,307,056)**	**(2,798,088)**
Impairment and gains or losses on disposal of financial instruments	**Note 21**	**(25,000)**	**(122,714)**
Impairment losses		(25,000)	(122,714)
FINANCE COST		**(3,418,806)**	**(4,480,194)**
PROFIT BEFORE TAX		**14,099,760**	**10,927,936**
Income tax	**Note 20**	(2,663,443)	(1,395,478)
CONSOLIDATED PROFIT FOR THE YEAR		**11,436,317**	**9,532,458**
PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTERESTS		**(638)**	**(193,504)**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT		**11,436,955**	**9,725,962**
Earnings (losses) per share	**Note 13.6**	**0.48**	**0.41**

(*) Restated figures (Note 2.4)

The accompanying Notes 1 to 28 and the Appendixes are an integral part of the consolidated statement of income statement at December 31, 2019 and 2018.

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES FOR THE YEAR ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2018

A) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euros)

	12.31.2019	12.31.2018(*)
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD (I)	**11,436,317**	**9,532,458**
Income and expense recognized directly in equity		
- Currency translation differences	(18,476)	(319,917)
- Other	(477,733)	-
- Tax effect	-	-
TOTAL INCOME AND EXPENSE RECOGNIZED DIRECTLY IN CONSOLIDATED EQUITY (II)	**(496,209)**	**(319,917)**
Amounts transferred to consolidated income statement	-	-
- Currency translation differences	1,492	4,696
- Tax effect		
TOTAL AMOUNTS TRANSFERRED TO CONSOLIDATED INCOME STATEMENT (III)	**1,492**	**4,696**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD (1+11+111)	**10,941,600**	**9,217,237**
Attributable to:		
Parent	**10,942,238**	**9,410,740**
Minority interests	**(638)**	**(193,503)**

(*) Restated figures (Note 2.4)

The accompanying Notes 1 to 28 and the Appendixes are an integral part of the consolidated statement of comprehensive income at December 31, 2019 and 2018.

B) CONSOLIDATED STATEMENT ALL CHANGES IN EQUITY

(Euros)

	Share capital	Share premium	Reserves	(Parent company shares)	Profit for the period attributable to the Parent Company	Valuation adjustment	Minority interests	Total
BALANCE AT DECEMBER 31, 2017	**3,645,933**	**6,117,703**	**3,823,537**	**(1,133,498)**	**3,512,835**	**54,906**	**21,178**	**16,042,594**
Adjustments for charges in criteria and misstatements	-	-	-	-	-	-	-	-
ADJUSTED OPENING BALANCE 2018	**3,645,933**	**6,117,703**	**3,823,537**	**(1,133,498)**	**3,512,835**	**54,906**	**21,178**	**16,042,594**
Total consolidated comprehensive income	-	-	-	-	13,279,402	(315,221)	(193,503)	12,770,678
Transactions with shares of the Parent (net)	-	-	800,410	(929,472)	-	-	-	(129,062)
Increase (reduction) in equity arising from a business combination	-	-	-	-	-	-	(6,577)	(6,577)
Other changes in equity	-	-	3,749,112	-	(3,512,835)	-	(49,788)	186,489
BALANCE AT DECEMBER 31, 2018	**3,645,933**	**6,117,703**	**8,373,059**	**(2,062,970)**	**13,279,402**	**(260,315)**	**(228,690)**	**28,864,122**
Adjustments for charges in criteria and misstatements (Note 2.4)	-	-	-	-	**(3,553,440)**	-	-	(3,553,440)
ADJUSTED OPENING BALANCE 2019	**3,645,933**	**6,117,703**	**8,373,059**	**(2,062,970)**	**9,725,962**	**(260,315)**	**(228,690)**	**25,310,682**
Total consolidated comprehensive income	-	-	-	-	11,436,955	(494,717)	(638)	10,941,600
Capital increase	4,861,244	-	(4,861,244)	-	-	-	-	-
Transactions with shares of the Parent (net)	-	-	2,110,720	(1,265,527)	-	-	-	845,193
Increase (reduction) in equity arising from a business combination	-	-	96,372	-	-	(175,594)	79,222	-
Other changes in equity	-	-	9,725,962	-	(9,725,962)		-	-
BALANCE AT DECEMBER 31, 2019	**8,507,177**	**6,117,703**	**15,444,869**	**(3,328,497)**	**11,436,955**	**(930,626)**	**(150,106)**	**37,097,475**

The accompanying Notes 1 to 28 and the Appendixes are an integral part of the consolidated statement of changes in equity at December 31, 2019 and 2018

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT OF CORRESPONDING TO THE YEAR ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2018

(Euros)

	Notes	12.31.2019	12.31.2018(*)
A) CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax		**14,099,760**	**10,927,936**
2. Adjustments to profit		**(3,654,912)**	**(3,789,215)**
a) Depreciation and amortization (+)	6 and 7	660,945	881,431
b) Valuation allowances for impairment losses (+/-).		291,320	2,317,416
c) Changes in provisions (+/-)		764,759	64,150
e) Gains (losses) from derecognition and disposal of non-current assets (+/-)	6 and 7	(516)	(11,532,405)
f) Proceeds from disposals of financial instruments (+/-)			-
g) Finance income (-)		(55,019)	-
h) Finance expenses (+)	21	1,141,769	1,559,392
i) Currency translation differences (+/-)	21	2,307,056	2,798,088
j) Change in fair value of financial instruments (+/-).		25,000	122,713
k) Other income and expenses (-/+)	5	(8,790,226)	-
3. Changes in working capital.		**9,177,718**	**6,610,882**
a) Inventories (+/-)	10	2,773,580	1,795,999
b) Trade and other receivables (+/-)	11	(10,166,547)	6,140,435
c) Other current assets (+/-)		(166,906)	(19,002)
d) Trade and other payables (+/-)		14,009,109	1,545,284
e) Other current liabilities (+/-)		(31,376)	(2,851,834)
f) Other non-current assets and liabilities (+/-).		2,759,858	-
4. Other cash flows from operating activities		**(3,740,961)**	**(4,057,308)**
a) Interest paid (-)	21	(1,141,769)	(1,559,392)
c) Interest received (+)		55,019	-
d) Income tax receipts (payments) (+/-)	21	(2,654,211)	(2,497,916)
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)		**15,881,605**	**9,692,295**
B) CASH FLOWS FROM INVESTING ACTIVITIES			
6. Payments on investments (-)		**(56,081,472)**	**(29,349,117)**
a) Group companies, net of cash in consolidated companies	5	(4,862,103)	(48,162)
b) Intangible assets	7	(81,501)	-
c) Property, plant and equipment	6	(46,503,855)	(26,926,181)
e) Other financial assets		(4,634,013)	(2,374,774)
7. Proceeds from disposals (+)		**-**	**37,135,820**
a) Group companies, net of cash in consolidated companies		-	23,009
c) Property, plant and equipment	6	-	37,075,606
e) Other financial assets	8.2	-	37,205
8. Cash flows from/(used in) investing activities (7+6)		**(56,081,472)**	**7,786,703**
C) CASH FLOWS FROM FINANCING ACTIVITIES			
9. Proceeds from and payments on equity instruments		**845,192**	**50,850**
c) Acquisition of equity instruments of the Parent (-)	13	(3,882,063)	(1,869,232)
c) Disposal of equity instruments of the Parent	13	4,727,255	1,920,082
10. Proceeds from and payments of financial liabilities		**55,039,454**	**(7,200,433)**
a) Issues (+)		*59,014,369*	*34,741,508*
1. Bonds and other marketable securities (+).		*21,539,686*	-
2. Bank borrowings (+).	17.1	34,949,805	34,741,508
4. Other borrowings (+).	17.2	2,524,878	-
b) Repayment and amortization of:		*(3,974,915)*	*(41,941,941)*
2. Bank borrowings (-)		*(3,916,629)*	(41,941,941)
4. Other borrowings (-).		(58,286)	-
12. Cash flows from financing activities (+1-9+/-10-11)		**55,884,646**	**(7,149,583)**
D) Effect of changes in exchange rates		(30,733)	(163,789)
E) NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (+/-A+/-B+/-C+/- D)		**15,654,046**	**10,165,626**
Cash and cash equivalents at beginning of period	12	13,119,041	2,953,415
Cash and cash equivalents at end of year	12	28,773,087	13,119,041

(*) Restated figures (Note 2.4)

The accompanying Notes 1 to 28 and the Appendixes are an integral part of the consolidated statement of cash flow statement at December 31, 2019 and 2018

NOTES TO THE YEAR ENDED CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2019

1. Group companies

1.1 Parent

GRENERGY RENOVABLES, S.A. ("the Parent") was incorporated in Madrid on July 2, 2007 via public deed, as filed at the Mercantile Register of Madrid in Tome 24.430, Book 0, Folio 112, Section 8, Page M-439.423, 1st inscription. On November 15, 2019 the parent company changed its registered and fiscal office to Rafael Botí, nº 26, Madrid.

The corporate purpose of the Parent and the sectors in which the Grenergy Group performs its activities are as follows: the promotion and commercialization of renewable energy installations, production of electric energy as well as any complementary activities, and management and operation of such renewable energy installations.

At December 31, 2019 the Grenergy Renovables Group is comprised of 111 companies, including the Parent (100 subsidiaries held directly by the Parent and 10 held indirectly via majority shareholdings of a subsidiary). The subsidiaries were consolidated using the full consolidation method. In each of the countries in which the Group operates, its Parent conducts the outsourcing functions arranged under EPC (Engineering, Procurement and Construction), O&M (Operation and Maintenance), and asset-management contracts using company personnel. The remainder of subsidiaries are considered Special Purpose Vehicles (SPVs) where each of the solar plants or wind farms are located. At 2019, total of 82 subsidiaries were inactive.

The shares of the Parent, Grenergy Renovables, S.A., have been listed on the Spanish Alternative Stock Market for Expanding Companies ("MAB-EE") since July 8, 2015. As a consequence of being listed on the MAB-EE, the Parent lost its status as a sole shareholder company, which had been declared during 2014. On November 15, 2019, authorization was given by the shareholders in general meeting to request exclusion from negotiations of their shares on Spain's Alternative Stock Market, while also soliciting their admission to trading of the shares on the Barcelona, Bilbao, Madrid, and Valencia exchanges, as well as inclusion on the Electronic Trading Platform, among other decisions made. As a result, the Board of Directors of Administración de Bolsas y Mercados Españoles, Sistemas de Negociación, S.A. agreed to exclude the 24,306,221 shares from the above market effective December 16, 2019, the same date upon which the shares were admitted for trading on the Barcelona, Bilbao, Madrid, and Valencia exchanges (Note 13).

On March 29, 2019 the Board of Directors of the Parent authorized the Group's annual consolidated financial statements for the year ended December 31, 2018, prepared in accordance with Spanish GAAP and the Standards for the Preparation of Consolidated Financial Statements. Said financial statements were approved by the shareholders in general meeting on June 17, 2019. At that date, the Board of Directors was delegated with the capacity to initiate the steps for requesting admission of the Parent's shares on the Madrid, Barcelona, Bilbao, and/or Valencia stock exchanges. Thus, and in compliance with the Spanish Securities Market Act, the Board decided to apply the International Financial Reporting Standards adopted by the EU ("IFRS-EU") for the first time. On July 23, 2019 the Board of Directors of the Parent authorized the special purpose consolidated financial statements prepared under IFRS-EU for the years 2018, 2017, and 2016.

The Parent is in turn a member of the Daruan Group, the parent of which is Daruan Group Holding, S.L., a company resident in Spain which prepares and publishes the annual consolidated financial statements.

The Daruan Group's annual consolidated financial statements corresponding to the year ended December 31, 2018, as well as the related management and audit reports, were filed at the Madrid Mercantile Register on July 29, 2019.

1.2 Subsidiaries

Subsidiaries included in the consolidation scope and the information on these are presented in Appendix I. of the accompanying financial statements.

The financial statements of the subsidiaries are consolidated with those of the Parent by applying the full consolidation method, thereby eliminating all balances and transactions between consolidated companies during the consolidation process.

The results of subsidiaries acquired or sold during the year are recognized in the consolidated income statement from the effective acquisition or disposal date, as appropriate. Interests owned by third parties in Group equity and third parties' share in profit or loss for the year are recorded under "Minority interests" in the consolidated statement of financial position and consolidated income statement, respectively.

The separate financial statements of the Parent and the subsidiaries used for the preparation of the accompanying consolidated financial statements all refer to the same reporting period.

There are no other companies other than those indicated above which, in accordance with prevailing regulations, form a part of said Group. None of the subsidiaries issued any shares listed on a stock exchange.

1.3 Regulatory framework

Regulation of the sector in Spain

The renewable energies sector is a regulated sector which saw fundamental changes in recent years, receiving a new regulatory framework in 2013. Within said framework, the main legislative reference is Act 24/2013, of December 26, on the Electricity Sector, which repealed Act 54/1997 of November 27, on the Electricity Sector.

The new Sector Act (Law 24/2013), published on December 26, 2013, ratified the provisions of Royal Decree-Law 9/2013, eliminating the so-called special regime and proposing a new remuneration regime for facilities that generate power from renewable sources, cogeneration, and waste. The new remuneration regime (known as specific remuneration, to be applied to the new installations exceptionally) is additional to the revenue obtained from the sale of energy in the market and is composed of a term per unit of installed capacity to cover, where applicable, the investment costs which cannot be recovered in the market, and a term for the operation to cover, where applicable, the difference between the operating costs and the market price.

This new specific remuneration is calculated based on a standard installation over the length of its useful regulatory life in the context of the activity performed by an efficient and well-managed company, as per the following:

- standard revenues from the sale of energy valued at the market price;
- standard operating costs; and
- the standard value of the original investment.

This remuneration regime is underpinned by a "reasonable return" on investment which is defined as the yield on the 10-year sovereign bond plus a spread (which has initially been set at 300 basis points).

The new regime establishes regulatory periods of six years and sub-periods of three years. Every three years there is scope for changing the remuneration parameters related to market price forecasts, factoring in any deviations that may have arisen during the sub-period.

Every six years the standard parameters for installations can be modified, except for the amount of initial investment and the regulatory useful lives, which remain unchanged throughout the life of the installations. Likewise, every six years the interest rate for remuneration can be changed, but only with respect to future remuneration.

The value of the standard investment for the new installations is determined via a competitive procedure.

This new remuneration is applicable from July 2013, the date on which Royal Decree Law 9/2013 entered into force.

On June 6, 2014, Royal Decree Law 413/2014 was published, regulating the production of electric energy from renewable energy sources, cogeneration, and waste. Subsequently, on June 16, 2014, Order IET/1045/2014, of the Ministry for Industry, Energy, and Tourism, was published, approving the remuneration parameters of standard facilities applicable to certain installations that produce electricity from renewable sources, cogeneration, and waste. In accordance with this new regulation, in addition to the revenue obtained from the sale of energy valued at market prices, the installations will receive specific remuneration during their regulatory life composed of a term per unit of installed capacity to cover, where applicable, the investment costs of each standard facility which cannot be recovered by the sale of energy in the market, known as investment remuneration, and a term for the operation to cover, where applicable, the difference between operating costs and revenue from participating in the market for production of a standard facility, known as operational remuneration.

It is worth highlighting that at December 31, 2019 the Group does not own any assets in Spain which could be classified as a renewable energy plant or installation whose remuneration is determined by the aforementioned regulatory framework.

The parent company has focused its efforts on carrying out new developments and building new facilities in Latin America, through the subsidiaries.

On 23 November 2019, Royal Decree-Law 17/2019 of 22 November 2019 was published, adopting urgent measures for the necessary adaptation of remuneration parameters affecting the electricity system and responding to the process for the discontinuance of activities in thermal power plants. The main aspects of this Royal Decree-Law are described below:

- It establishes the reasonable return for renewables, cogeneration and waste and the financial yield for production in non-mainland territories for the period 2020-2025. The relevant rate is updated to 7.09%, compared with 7.398% or 7.503% depending on the type of facility.

- It provides that the Government will approve, by 29 February 2020, the remaining remuneration parameters that will be applicable between 2020 and 2025, which previously required the definition of reasonable return provided for in the law.

- It incorporates a mechanism that will be available to facilities that were eligible for prioritised remuneration when Royal Decree-Law 9/2013 came into force: it gives operators the option of maintaining a reasonable return on their facilities of 7.398% until 2031. This measure will not apply where there is a right to receive compensation as a result of a final judgment or arbitration award, or when ongoing arbitral or judicial proceedings are still in progress, unless the waiver of the right to receive such compensation or of the continuation or resumption of such proceedings can be duly attested to. In addition, facilities that so wish may waive the remuneration framework regulated by this Royal Decree-Law and avail themselves of the ordinary framework, subject to review every six years.

At December 31, 2019, the Group did not have any wind farms in operation.

Sector regulation in Latin America

With respect to the regulatory framework in Latin America which will affect operations of the Grenergy Group in Chile, Peru, Mexico, Colombia, and Argentina in the short and medium term, it is worth highlighting that above all else the energy market is a private market without any support in the form of public premiums or subsidies for renewable energies as was the case in Spain some years ago. Thus, there is no regulatory or legal uncertainty with respect to investments in photovoltaic installations or wind farms.

<u>Chile</u>

Until now the Group has operated in Chile via photovoltaic installations operated under the regime for small power producers ("SPP"). The SPPs comprise all those means of generation with excess capacity less than or equal to 9 MW, connected via medium voltage networks in the distribution systems. These types of projects make up the short term Grenergy project portfolio in Chile.

The main difference in the commercialization of energy between an SPP and other producers consists in sales made at a stabilized price. This stabilized price is offered by the distributing company to the which the producer sells. This price is in turn set by the National Energy Commission every six months. It is based on the forecast made for marginal costs over the following 48 months for each base price. As it corresponds to an average performance of marginal costs over the next four years and 24 hours a day, this price does not change significantly, remaining stable in comparison with spot prices.

In addition, all producing companies can sign contracts with their clients at freely agreed-upon prices (non-regulated clients) and with the transmission/distribution companies at the base price, determined by the National Energy Commission as explained above. Another type of commercialization of generated energy is via a regulated process for supply tenders involving distributor companies. The distributor companies in turn sell their energy to final regulated clients or to unregulated clients who do not wish to freely agree upon supply contracts with producer companies.

The producing companies must notify the CDEC six months in advance with respect to the option of selling energy they will choose (at the base price or stabilized price). In order to change the option, advance notice of 12 months must be provided, with the minimum term for each option corresponding to four years.

Nonetheless, regulatory changes are currently afoot in the SPP segment which will affect product remuneration schemes (stabilized price), as well as red tape and procedures. Behind the scenes of this change, certain participants consider this stabilized price as tantamount to a cross-subsidy which is no longer necessary to foster the installation of new renewable capacity.

Amendments approved by the Ministry of Energy (Regulations for small-scale generation measures) establish a transitional regime for projects already under the current remuneration scheme, as well as those in late stages of progress. Projects already under operation may continue to receive the current stable price for a period of up to 14 years commencing the entry into force of the newer regulations, which is also applicable to projects in their final stages of development. To be eligible, the projects must be granted connection permission, or present the environmental paperwork within a period of 7 months, while also having obtained the construction declaration prior to 18 months of the entry into force of the new standards. Should the above conditions not be met, new projects will continue at the stable price, although based on a different calculation method, linked to the timeframe during which each sells its energy. The abovementioned amendment is pending approval by the Office of the Comptroller General of the Republic of Chile, and thereby could undergo changes.

Peru

The electricity sector in Peru is regulated by the Electricity Concession Law, in accordance with Decree Law No. 25844, Supreme Decree No. 009-93-EM and its modifications and extensions. In accordance with this law, the electric energy sector in Peru is divided into three principal segments: generation, transmission, and distribution. Since October 2000, the Peruvian electricity system has been comprised of the National Interconnected Electricity System ("SEIN" in its Spanish acronym) as well as other connecting systems. The Group supplies renewable electric energy in the segment which belongs to SEIN based on Law No. 28832 of 2006, which ensures the efficient generation of electric energy, introducing important changes in the regulation of the sector.

In accordance with the Electricity Concession Law, the operation of energy generation installations and transmission systems is subject to the regulations of the National Committee for Economic Operations - ("COES-SEIN") so as to coordinate operations at a minimum cost, ensuring the secure supply of electricity, as well as the best use of energy resources.

The COES-SEIN regulates electric energy prices and transmission prices between energy producers, as well as the consideration for owners of the transmission systems.

To foster installation of renewable energy, the Peruvian government has on several occasions held public tenders in which it offered long-term contracts (20 years) with energy prices set at a fixed rate.

During August 2019, the Peruvian government published a new regulation acknowledging fixed capacity, i.e., granting wind power projects the maximum power generated by a generation unit with a high level of security. This is a relevant step forward, considering that generation projects must deliver fixed amounts of energy once a supply contract has been signed. Peru's government is working to publish a regulation which also makes it possible to recognize solar energy as fixed power.

Colombia

Colombia liberated its electricity sector in 1995 thanks to its Electricity Public Service Act and Electricity Law (both during 1994). Regulation of this market was implemented by the Energy and Gas Regulation Commission. It enacted the basic rules and launched this new approach in July, 1995. The sector separates its activities into the following segments: generation, transmission, distribution, and sales.

Energy purchase-sale transactions between generators and sellers takes place on the wholesale market as defined under Article 11 of Law 143 of 1994, in the following terms: *"It is the market in which generators and sellers buy and sell energy and power on the national inter-connected system*".

Considering the system's huge proportion of hydraulic generation, as well as the existence of different climatological phenomena in the country which seriously affect the availability of hydraulic resources, the "reliability charge" was created: plants receive an additional amount for their fixed power, which is that which will likely be distributed during a drought year, in which the system guarantees there will be installed capacity to generate the country's demand when necessary. Renewable plants are entitled to receive this additional income for this or part of their annual energy output.

To foster the presence of renewable energy there, the Colombian government has held renewable energy tenders. Long-term contracts at set prices are offered during these bidding processes (listed at the price index) signed with sellers. To boost sellers' interest, the government expects that 10% of energy supplied to regulated users originate from unconventional renewable energy sources.

Argentina

Argentina's energy sector has undergone three differentiated stages which have impacted its current system. Until 1992, the scheme was based on a centralized market under heavy government control. That year, Law 24,065 went into effect, establishing the bases for creating the following: ENTRE (the National Electricity Regulatory Board), the MEM administration (Wholesale Electricity Market), setting prices on the spot wholesaler market, determining tariffs for regulated businesses, as well as evaluating assets to be privatized.

In 2002, subsequent to the country's financial crisis, the Emergency Law was approved, freezing tariffs (among other measures). This led to a situation in which incentive to invest was strongly dissuaded, with nearly all new generation and transportation projects taken over by the government. However, generation activity continues to be dominated by private-sector participants and is still liberated.

Against a backdrop of energy demand arising due to low private investment, as well as the intention to take advantage of the country's natural resources while also reducing dependence on energy from abroad, new regulations were established declaring electricity production from renewable energy projects of national interest. Specifically, Law 27,191 was approved in 2015, imposed on users consuming 8% of their energy from the above sources in 2017, and up to 20% in 2025. The need for public tenders (under the auspices of the RenovAr plan) was established within the framework of this regulation (the most representative being Law 27,191).

In these tender processes, projects obtain 20-year energy sale PPAs. CAMMESA, the counterparty, is the non-profit entity which oversees the Argentine market; although the contracts are backed by a specific fund created by the Ministry of Energy and Mining, and reports to the World Bank should any claims arise. Apart from the government-backed agreement, RenovAr also offers tax breaks to attract private investment.

2. Basis of preparation

2.1 True and fair view

The consolidated financial statements and corresponding notes at 2018 were prepared in accordance with the International Financial Reporting Standards (IFRS), IAS 34, adopted for application in the European Union (IFRS-EU), approved by the European Commission and in force at December 31, 2018. In this regard, and in accordance with IFRS 1: "First-time adoption of international financial reporting standards," the first-time application of application of International Financial Reporting Standards (IFRS) was 2016, with January 1, 2016 established as the transition date, with no adjustments or reclassifications made to the annual financial statements under the General Chart of Accounts.

Grenergy's annual 2019 consolidated financial statements were prepared based on the accounting records of Grenergy Renovables, S.A. and remaining entities comprising the Group, in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, in conformity with Regulation (EC) 1606/2002 of the European Parliament and Council.

The annual consolidated financial statements were prepared using the historical cost approach, which were modified by the fair value recognition criteria applied to derivative financial instruments and business combinations.

The preparation of the consolidated financial statements and corresponding notes thereto in accordance with IFRS-EU requires making certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant.

The directors of the Group prepared the consolidated financial statements based on the principle of going concern.

These consolidated financial statements give a true and fair view of Grenergy's consolidated equity and financial position at December 31, 2019, and the consolidated results of its operations, changes in consolidated equity and consolidated cash flow for the year then ended.

The consolidated financial statements are presented in euros, unless indicated otherwise.

2.2 Adoption of International Financial Reporting Standards (IFRS)

a) New standards, modifications, and interpretations of mandatory application for the year

As a consequence of their approval, publication, and entry into force on January 1, 2019, the following standards, interpretations, and modifications adopted by the European Union were applied:

Approved for use in the European Union		**Mandatory application for annual periods beginning on or after:**
IFRS 16 - Leases	A new standard which replaces IAS 17	January 1, 2019
IFRS 9 (Amendment) - Prepayment Features with Negative Compensation	Permits recognition at amortized cost of certain financial instruments with prepayments	January 1, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	Clarifies recognition and measurement as established in IAS 12 when it is uncertain whether tax authorities will accept a certain tax accounting treatment utilized by the entity	January 1, 2019
IAS 19 (Amendment) - Plan Amendment, Curtailment or Settlement	These modifications require an entity to use updated actuarial assumptions to determine the service costs for the current period as well as net interest for the remainder of the period	January 1, 2019
IAS 28 (Amendment) - Long-term Interests in Associates and Joint Ventures	The amendments clarify application of IFRS 9 to non-current interest in an associate or business combination if the equity method is not applied to them	January 1, 2019
Annual Improvements to IFRSs - 2015-2017 Cycle	Minor amendments to various standards	January 1, 2019

When applying these standards, interpretations and amendments, the only one with a significant impact on the interim financial statements is IFRS 16.

IFRS 16

IFRS 16 - "Leases" supersedes IAS 17, IFRIC 4, SIC-15 and SIC-27. It establishes the principles for accounting treatment of leases using a single balance sheet model for all leases. IFRS 16 took effect on January 1, 2019 and has not been adopted early.

Under IFRS 16 lessees must recognize a financial liability at the present value of the payments due for the remaining term of the lease agreement and a right-of-use asset for the underlying leased asset (by reference to the amount of the associated liability plus any direct upfront costs incurred) in their consolidated statements of financial position.

In addition, IFRS 16 changes how lease expenses are recognized: they are apportioned between the asset depreciation/amortization charges and a finance charge related to the effect of discounting the lease liability to present value. Lessor accounting treatment does not change significantly: they will continue to classify their leases as operating or finance leases depending on the extent to which the risks and rewards of ownership are transferred.

Grenergy has applied the following policies, estimates, and criteria:

- It has applied the recognition exemption provided for leases of low-value assets (less than 5,000 US dollars) and short-term leases (leases of 12 months or less).

- It has applied the practical expedient provided for in Paragraph C3 of Appendix C of IFRS 16, which states that it is not necessary to reassess whether a contract is, or contains, a lease at the date of initial application.

- It opted not to separate the non-lease components from lease components for those classes of underlying assets for which the relative importance of these components is not material with respect to the total value of the lease.

- For purposes of the transition, it elected to apply the modified retrospective approach, based upon which it did not have to restate any prior-year figures.

- It applied an incremental effective interest rate for financing homogeneous portfolios in terms of leases, countries, and lease duration. The weighted average incremental interest rate at the date of initial application was 2.15% in Spain, 1.8% in Chile, 6% in Argentina and 6,14% in Peru.

- To determine the lease terms and the non-cancelable periods Grenergy used the initial term of each contract except where it has the unilateral option of extending or terminating the contract and it is reasonably certain that it will exercise that option, in which case the corresponding extension or early termination terms are factored in.

Effect of applying IFRS 16

- **The effect of applying IFRS 16 on the consolidated statement of financial position at January 1, 2019:**

  a) Recognition of new assets under "Right-of-use assets" (non-current) in the amount of 1,271 thousand euros and new financial liabilities under "Finance lease liabilities," both non-current and current, in the amount of 1,166 thousand euros and 105 thousand euros, respectively, corresponding to the offices leased in Chile.

  b) With respect to the finance leases prior to the date of first-time adoption, corresponding to lease agreements for vehicles, their accounting does not change as compared to IAS 17; however, the carrying amount of 183 thousand euros for finance leases was reclassified from "Property, plant, and equipment" to "Right-of-use assets."

  In sum, the impact of applying IFRS 16 to the consolidated statement of financial position at January 1, 2019 is as follows:

	Thousands of euros
Property, plant, and equipment	(183)
Right-of-use assets	1,582
NON-CURRENT ASSETS	**1,399**
Finance lease liabilities	1,227
NON-CURRENT LIABILITIES	**1,227**
Finance lease liabilities	172
CURRENT LIABILITIES	**172**

The reconciliation of the operating lease commitments disclosed in the "Operating leases - Lessee" section of Note 7.2 to the special purpose consolidated financial statements prepared under IFRS-EU for the year ended December 31, 2018 and the liabilities recognized at January 1, 2019 in the initial application of IFRS 16 is as follows:

	Thousands of euros
Operating lease commitments at December 31, 2018	3,391
Discounted using the corresponding interest rate	(148)
Current and low-value leases and others excluded from the IFRS 16 scope	(1,844)
Lease liabilities recognized at January 1, 2019	**1,399**

From the analysis performed under the scope of IFRS 16, the following were excluded (among others): the portion of the contract leasing the land to the Kosten (Argentina) wind farm, since the lease installments commencing 2020 are fully dependent on the variability of the energy produced (0.8% per year of the energy sold) and, therefore, are not included in the capitalisation model but will be recognised in the consolidated income statement, since these flows cannot be reliably estimated and, therefore, the lease of the Kosten wind farm in phase 2 would not be within the scope of IFRS 16.

- **The effect of applying IFRS 16 on the interim consolidated income statement at December 31, 2019:**

  The application of IFRS 16 resulted in recognition of lower operating expenses in the interim consolidated financial statements at December 31, 2019, and consequently higher gross operating profits in the amount of 602 thousand euros, as a consequence of operating lease payments which were recognized as operating expenses until application, offset by a greater amortization expense for the new recognized right-of-use assets in the amount of 396 thousand euros and increased finance expenses for the new lease liabilities in the amount of 106 thousand euros, so that the accounting profit for the period was not significantly affected.

- **The effect of applying IFRS 16 on the cash flow statement at December 31, 2019:**

  The application of IFRS 16 resulted in recognition of an increased cash flow from operating activities in the consolidated cash flow statement at December 31, 2019, amounting to 100 thousand euros, as a consequence of increased gross operating profits, offset by a decrease in cash flows from financing activities corresponding to the reimbursement of the principal on the new lease liabilities, so that cash flow generation was not affected.

b) <u>New standards, amendments, and interpretations effective for periods beginning on or after January 1, 2020:</u>

Standards issued by the IASB pending adoption by the European Union		**Mandatory application for annual periods beginning on or after:**
References to the Conceptual Framework for IFRS (Amendment)	Ensures consistency in the standards and includes a new chapter on measurement, improved definitions and guidelines, and clarifications in important areas such as prudence and assessment of uncertainty	January 1, 2020
IFRS 3 (Amendment) - Business combinations	New definition of "business"	January 1, 2020
IAS 1 and IAS 8 (Amendment) Definition of "materiality"	New definition of materiality, ensuring consistency with respect to all standards	January 1, 2020
IFRS 17 - Insurance Contracts	A new standard which replaces IFRS 4	January 1, 2021

None of these standards and amendments were applied early, and from its preliminary analysis no significant impacts are expected.

2.3 Responsibility for the information presented and significant estimates

The Board of Directors of the Parent is responsible for the information contained in the accompanying consolidated financial statements.

The most significant judgments and estimates necessary for application of the accounting policies described in Note 4 are as follows:

- The fair value of assets and liabilities acquired in business combinations (Note 5)
- The useful life of intangible assets and PP&E items (Notes 4.3 and 4.4)
- Impairment losses on certain assets (Notes 4.4, 4.7, and 4.10)
- The probability of occurrence and amounts corresponding to certain provisions and contingencies (Note 16)
- The recognition of income based on degree of project completion (Nota 4.13)
- The market value of derivatives and interest rate swaps (Note 17.4)
- The recoverability of deferred tax assets (Note 20)

Although these estimates were made based on the best information available regarding the events analyzed, 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, recognizing the effects of the change in estimates in the corresponding consolidated income statement.

2.4 Comparison of information

For the purposes of comparing the income statement for 2019 with that for 2018, the effects of the application of IFRS 16 described above must be taken into account.

As indicated in Note 1.1, for all prior periods, as well as for the period ended December 31, 2018, the Group prepared its financial statements in accordance with the Spanish GAAP ("PGC" in its Spanish acronym - General Chart of Accounts and "NOFCAC" in its Spanish acronym - Rules for Preparation of Annual Consolidated Financial Statements).

For purposes of the Parent applying for admission to trading of its shares on the Madrid, Barcelona, Bilbao, and/or Valencia stock exchanges, the Group opted for preparation of the special purpose consolidated financial statements for FY 2018 under international regulations (IFRS-EU).

The figures included at December 31, 2018 differ from those in the consolidated financial statements of the Group authorized by the Board of Directors of the Parent on March 29, 2019 and approved by the shareholders in general meeting on July 23, 2019 as a consequence of the restatement and the change in presentation described below:

- Change in presentation beginning from January 1, 2019 In 2019, and effective from January 1, 2019, the Group decided to modify the presentation of revenue with respect to capital gains obtained in the sale of companies owning the photovoltaic solar farms, with a view to improving the presentation of the transaction's economic substance. Until now, the Group recognized gains from the sale of shares of subsidiaries under "Gains (losses) due to loss of control over consolidated interests." Commencing 2019, the amount of the capital gains on the sale of these shares will be recognized under “Revenue” on the consolidated income statement if the park is built for a third party, and under “Impairment losses and gains (losses) on disposal of non-current assets” should the park have been previously classified as “Property, plant, and equipment”.

- During the second half of 2018, the Group recorded the sale of shares in a company developing a 100% terminated solar plant in Chile (in “ready to build” status), as it considered that all the asset’s risks and rewards had been transferred, as well as its stage of completion. During the second half of the year, the Group initiated admission to trading of its shares on the Madrid, Barcelona, Bilbao, and Valencia stock markets; during the process, the CNMV (Comisión Nacional del Mercado de Valores) made recommendations regarding the recognition of certain construction and development sales contracts, due to differing professional judgment regarding the transfer of the asset’s risks and rewards, as well as the advantages of the asset within the control-transfer analysis. Therefore, the figures for the year-end 2018 were adjusted, with an effect on results for the year in the amount of -9,174 thousand euros on revenue, and -3,553 thousand euros on results for the year.

Thus, and exclusively for comparative purposes, the consolidated financial statements for the year ended 31 December 2018 were restated as follows:

STATEMENT OF FINANCIAL POSITION	**12.31.2018**	**Reclassifications**	**12.31.2018 Restated**
CURRENT ASSETS			
Inventories	**6,003,631**	5,621,065	**11,624,696**
Plants in progress	4,858,820	5,621,065	10,479,885
Trade and other receivables	**17,930,825**	(3,334,750)	**14,596,075**
Trade receivables for sales and services	8,265,413	4,219,508	12,484,921
Other receivables	7,566,075	(7,554,258)	11,817
TOTAL ASSETS	**58,285,364**	**2,286,315**	**60,571,679**

STATEMENT OF FINANCIAL POSITION	**12.31.2018**	**Reclassifications**	**12.31.2018 Restated**
EQUITY			
Profit for the year attributable to the Parent	**13,279,402**	(3,553,440)	**9,725,962**
CURRENT LIABILITIES			
Bonds and other marketable securities	**11,923,527**	5,839,755	**17,763,282**
Clients prepayments	-	5,839,755	5,839,755
TOTAL EQUITY AND LIABILITIES	**58,285,364**	**2,286,315**	**60,571,679**

INCOME STATEMENT	12.31.2018	Reclassifications	Adjustments	12.31.2018 Restated
CONTINUING OPERATIONS				
Revenue	**27,286,569**	8,465,141	(9,174,505)	**26,577,205**
Sales revenue	26,276,630	8,465,141	(9,174,505)	25,567,266
Changes in inventories of finished goods and work in progress	**-**	(4,611,295)	5,621,065	**1,009,770**
Cost of sales	**(26,672,370)**	4,611,295	-	**(22,061,075)**
Consumption of raw materials and other consumables	(26,314,512)	4,611,295	-	(21,703,217)
Impairment losses and gains (losses) on disposal of non-current assets	**4,547,502**	4,810,417	-	**9,357,919**
Impairment and losses	6,721,988	4,810,417	-	11,532,405
Gains (losses) due to loss of control over consolidated interests	**13,275,558**	(13,275,558)	-	-
OPERATING PROFIT	**18,961,570**	**-**	(3,553,440)	**15,408,130**
CONSOLIDATED PROFIT FOR THE YEAR	**13,085,899**	**-**	**(3,553,440)**	**9,532,459**

In contrast, as a consequence of IFRS 16 becoming effective (Note 2.2), certain balances were restated in the consolidated statement of financial position for the year ended December 31, 2018. The accounting treatment of finance leases prior to the date of first-time adoption, and which correspond to rental contracts for vehicles, is maintained without changes as compared to IAS 17; however, the carrying amount of 183 thousand euros for finance leases recognized under "Property, plant, and equipment" was reclassified to "Right-of-use assets."

3. Application of the Parent company's results

The proposal for distribution of the result formulated by the directors of the parent company that will be submitted for approval by the shareholder's meeting is as follows:

	Euros
Basis of Distribution	
Profit from the year	7,182,026
	7,182,026
Application	
To legal reserve	718,203
To voluntary reserve	6,225,381
To capitalization reserve	238,442
	7,182,026

4. Accounting principles and policies and measurement criteria

4.1 Consolidation principles

4.1.1 Subsidiaries

All companies over which Grenergy Renovables, S.A. exercises control are considered subsidiaries. The Group controls an entity when it is exposed to, 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 entity. When assessing whether the Group controls another company, the existence and effect of potential voting rights exercisable at the date to which the assessment relates is taken into account together with possible agreements with other shareholders.

The Group's subsidiaries are consolidated using the full consolidation method: all of their assets, liabilities, income and expenses are included in the consolidated financial statements once the adjustments and eliminations corresponding to intra-group transactions have been performed. Subsidiaries are excluded from consolidation from the date on which they no longer form part of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method. Acquisition cost is the fair value of the assets delivered, equity instruments issued, and liabilities incurred or assumed at the exchange date, plus any costs directly attributable to the acquisition. Any excess of the acquisition cost over the fair value of the identifiable net assets acquired is recognized as goodwill. If the acquisition cost is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. The latter case is "advantageous purchases" for which they follow the steps indicated in accordance with IFRS 3.

The intangible assets acquired via a business combination are recognized separately to goodwill if the recognition criteria for assets are fulfilled, that is, if they can be separated or arise from legal or contractual rights and when their fair value can be reliably measured.

Identifiable assets acquired and liabilities or contingent liabilities assumed in a business combination are initially measured at their fair values as of the acquisition date, regardless of the percentage of minority interests.

When loss of control over a subsidiary occurs, for exclusive purposes of the consolidation, the gains or losses recognized in the separate financial statements of the company which is reducing its interests must be adjusted by the amount which arose from the reserves held in consolidated companies and generated from the acquisition date, as well as the amount which arose from income and expenses generated by the subsidiary in the year until the date on which control is lost.

With respect to the interest held by external partners, their interest in equity is recognized under "Equity" as "Minority interests" in the Group's consolidated statement of financial position. Likewise, profit for the year attributable to minority interests is recorded under "Results attributable to minority interests" in the consolidated income statement.

4.1.2 Prior standardization of the balances recognized in the separate financial statements

Before proceeding to perform the eliminations upon consolidation, the reporting periods, measurement criteria, and internal operations were standardized.

The Group companies' financial statements correspond to the financial year ended December 31, 2019. The year end of the subsidiary Kosten, S.A. (Argentina) is July 31, 2019; hence, the corresponding adjustments were made to standardize the reporting periods.

In order to standardize internal operations, the amounts recognized for balances arising from internal transactions which were not in agreement, or those for which there were amounts pending recognition, the appropriate adjustments were made to perform the subsequent eliminations.

In order to standardize the groupings, when the structure of the financial statements of a Group company did not agree with that of the consolidated financial statements, the necessary reclassifications were performed.

4.1.3 Conversion of financial statements of companies included in the consolidation scope

All the goods, rights, and obligations of foreign companies are translated into euros using the exchange rate prevailing at the closing date to which the financial statements of said companies refer. The balances in the income statements are converted using the exchange rates prevailing at the dates upon which the transactions were carried out, applying an average rate. The difference between the amount of equity calculated as per the above and the amount of equity converted at the historic exchange rates is recorded under equity in the consolidated statement of financial position under "Currency translation differences."

4.1.4 Goodwill on consolidation or negative consolidation difference

"Goodwill on consolidation or negative consolidation difference" is determined based on the criteria established in Note 4.2, "Business combinations."

Goodwill is not amortized; rather, as indicated in IFRS 3, it is tested for impairment at the end of every reporting period or sooner if there are indications of impairment. Goodwill recognized in a business combination is allocated to the cash-generating units (CGUs) or groups of CGUs in the Group expected to benefit from the synergies of the combination, applying the criteria outlined in section 4.4 herein. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses.

4.1.5 Transactions between companies included in the consolidation scope

Subsequent to the standardizations described in the previous section, the reciprocal credits and debits as well as income and expenses, and results from internal transactions not carried out with respect to third parties, were eliminated.

4.1.6 Changes in the consolidation scope and main transactions in 2019 and 2018

The main changes to the consolidation scope corresponding to 2019 were as follows:

a) New additions to the consolidation scope:

- On February 20, 2019 the following companies were incorporated in Spain: GR Sison Renovables, S.L.U., GR Porron Renovables, S.L.U., GR Bisbita Renovables, S.L.U., GR Avutarda Renovables, S.L.U., GR Colimbo Renovables S.L.U., GR Mandarin Renovables, S.L.U., GR Danico Renovables, SLU, GR Charran Renovables, S.L.U., GR Cerceta Renovables, S.L.U., GR Calamon Renovables, S.L.U., GR Cormoran Renovables, GR Garcilla Renovables, S.L.U., GR Launico Renovables, S.L.U., GR Malvasia Renovables, S.L.U., GR Martineta Renovables, S.L.U., and GR Faisan Renovables, S.L.U.; with share capital of 3,000 euros for each of them. At December 31, 2019 the share capital of these companies was not yet paid in.

b) Removal from consolidation scope:

- On November 30, 2018, the Parent Company sold its shares in the company GR Chaquihue, S.p.A. The sale of shares contract of the dependent company included clauses that resolved the contract. Therefore, the sale has not been effective until the year 2019, when the park has been connected and then these clauses do not have effect.

- On April 19, 2019 the Parent sold its interests in GR Tamarugo, SpA.

- On June 26, 2019 the Parent sold its interests in GR Molle, SpA.

- On June 28, 2019 the Parent sold its interests in GR Belloto, SpA.

The main changes to the consolidation scope corresponding to the year ended December 31, 2018 were as follows:

a) New additions to the consolidation scope:

- On January 31, 2018 the following companies were incorporated in Spain: Chambo Renovables, S.L.U., Eiden Renovables, S.L.U., El Águila Renovables, S.L.U., and Mambar Renovables, S.L.U. with a share capital of 3,000 euros each. At December 31, 2018 the share capital of these companies was fully subscribed and paid in.

- On April 18, 2018 the following companies were incorporated in Chile: GR Pimiento, S.P.A., GR Chañar, S.p.A., GR Carza, S.p.A., GR Pilo, S.p.A., GR Lúcumo, S.p.A., GR Pitao, S.p.A., GR Lleuque, S.p.A., GR Notro, S.p.A., GR Lenga, S.p.A., GR Tepú, S.p.A., GR Lumilla, S.p.A., GR Toromiro, S.p.A., GR Pacama, S.p.A., GR Temo, S.p.A., and GR Ruil, S.p.A. with a share capital of 1,358 euros each. At December 31, 2018 the share capital of these companies was pending disbursement.

- On September 10, 2018, the companies GR Huacano, SpA, GR Corcolén, SpA, GR Luma, SpA, GR Fuinque, SpA, GR Piñol, SpA, GR Queñoa, SpA, GR Tayú, SpA, GR Petra, SpA, GR Corontillo, SpA, GR Liun, SpA, GR Kewiña, SpA, GR Frangel, SpA, GR Maqui, SpA, GR Petrillo, SpA, GR Tepa, SpA and Grenergy Opex, SpA with a capital of 1,258 euros each . As of December 31, 2018, the Share Capital of these companies was fully subscribed and pending disbursement.

- On September 14, 2018, the companies Eugaba Renovables, S.L., Take Renovables, S.L. y Negua Renovables, S.L. were incorporated in Spain with a capital of 3,000 euros each. At December 31, 2018, the Share Capital of these companies was fully subscribed and paid up.

b) Removal from consolidation scope:

- On April 11, 2018 the Parent sold its interests in GR Avellano, SpA.

- On June 29, 2018 the Parent sold its interests in the following companies: GR Huingan, S.p.A., GR Pacific Pan de Azucar, S.p.A., and GR Arrayán, S.p.A.

- On August 29, 2018, the Parent Company sold its shares in the companies GR Litre, SpA and GR Laurel, SpA.

- On November 27, 2018, the Parent Company sold its shares in the company GR Quillay, SpA.

- On December 21, 2018, the Parent Company sold its interests in the companies GR Alerce, SpA, GR Palma, SpA, GR Lilén, SpA and GR Melí, SpA.

- On December 31, 2018, the Parent Company sold its interests in the companies GR
- Tineo, SpA, GR Lingue, SpA and GR Guayacán, SpA.

4.2 Business combinations

The Group applies the acquisition method to account for its business combinations. The acquisition date is that on which the Group obtains control of the acquired business. The consideration transferred to acquire a subsidiary includes:

- the fair values of the transferred assets
- liabilities incurred with previous owners of acquired business
- equity interests issued by the Group
- the fair value of any asset or liability resulting from a contingent consideration arrangement, and
- the fair value of any prior holding in the acquiree.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination, with certain limited exceptions, are measured initially at their acquisition-date fair values. The Group recognizes any non-controlling interests in an acquired entity at the respective acquisition dates at the percentage interest in the fair value of the identified net assets acquired.

Acquisition-related costs are expensed as incurred.

The excess amount of:

- the consideration transferred
- the amount of any non-controlling interests in the acquired entity, and
- the fair value of any prior holding in the acquired

Any excess of the over the fair value of the identifiable net assets acquired is recognized as goodwill. Should the above amounts be under the fair value of the acquiree's net identifiable assets, the difference is directly recognized as results as a bargain purchase under “Negative goodwill in business combinations.”

Where settlement of any portion of cash payments differ, amounts payable in the future are discounted at fair value at the exchange date. The incremental borrowing rate of interest is the discount rate applied, which is that which is obtainable for a similar loan agreement from an independent financial institution, under comparable terms and conditions.

The contingent consideration is classified as equity or a financial liability. Amounts classified as financial liabilities are subsequently remeasured at fair value, with changes in the fair value recognized under results.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

4.3 Intangible assets

Intangible assets are considered to be identifiable non-monetary assets, without physical substance, which arise as a result of a legal business or are developed internally. Only those assets are recognized whose cost can be estimated reliably and from which the Group considers it probable that future economic benefits will be generated.

Intangible assets are initially recognized at acquisition or production cost, and subsequently they are measured at cost less any accumulated amortization and impairment losses.

<u>Licenses, patents, and trademarks (industrial property)</u>

Patents, licenses, and trademarks are initially measured at acquisition price and are amortized on a straight-line basis over the estimated length of their useful lives (25 years).

<u>Software</u>

This heading includes amounts paid to acquire software and licenses to programs and computer applications, provided the Group plans to use them for several years. They are amortized systematically on a straight-line basis over a period of four years.

Expenses for maintenance or global reviews of the systems, or recurring expenses as a consequence of the modification or upgrading of these applications, are recognized directly as expenses in the year in which they are incurred.

4.4 Property, plant and equipment

PP&E items correspond to the assets owned by the Group for use in production and provision of goods and services or for administrative purposes and which are expected to be used during more than one period.

The assets comprising PP&E are recognized at acquisition cost (updated as per various legal provisions if applicable) or production cost, less accumulated depreciation and any impairment losses.

Likewise, "PP&E under construction" includes those expenses relating to the development and construction of certain installations which are still in the process of construction, in their initial phases of design, development, and construction, and which will be operated by the Group once they have started up.

The cost of PP&E constructed by the Group is determined following the same principles applied to acquisitions. Capitalized production costs are recognized under "Work performed by the entity and capitalized" in the consolidated income statement.

Costs incurred to enlarge, upgrade, improve, substitute or renovate PP&E items which increase productivity, capacity or efficiency, or extend the useful life of the asset, are recognized as a greater cost of said assets with the corresponding derecognition of the assets or items that have been substituted or renovated.

The acquisition cost of the PP&E items which require a period of more than one year to be readied for use includes those financial expenses accrued before being readied for use. No corresponding amounts were recorded in this respect during the period. In contrast, finance interest accrued subsequent to said date or used for financing the remaining PP&E items do not increase the acquisition cost and are recognized in the consolidated income statement for the year in which they accrue.

The costs incurred for refurbishing leased premises are classified as installations, and are depreciated systematically on a straight-line basis over a period of 8 years, never exceeding the duration of the lease agreement.

Conservation, repair, and maintenance expenses that do not increase the useful lives of assets are charged to the consolidated income statement of the year in which they are incurred.

Depreciation is calculated systematically on a straight-line basis so as to write off the acquisition or production cost over the estimated useful life of each asset, less the residual value, as follows:

	Years of useful life
Machinery	5-12
Plant and tools	25-33
Transport equipment	5-10
Furniture and fixtures	10
Data processing equipment	4
Other PP&E	6-8

The values and remaining life of these assets are reviewed at each reporting date and adjusted if necessary.

At the end of each period, the Group analyzes whether there are any indications that the carrying amounts of its PP&E assets exceed their corresponding recoverable amounts, that is, whether any of them are impaired. For those assets identified, it estimates the recoverable amount, which is understood to be the greater of (i) fair value less necessary sales costs and (ii) value in use. Where the asset does not generate cash flows independently of other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount thus determined is lower than the asset's carrying amount, the difference is recognized in the consolidated income statement, reducing the carrying amount of the asset to the recoverable amount, and future depreciation charges are adjusted in proportion to the adjusted carrying amounts and the new remaining useful life, should a new estimate be necessary.

Similarly, if there is an indication of recovery in the value of an impaired asset, the Group recognizes the reversal of the impairment loss previously recorded and adjusts the future depreciation charges accordingly. Under no circumstances will said reversal result in an increase in the carrying amount of the asset exceeding that amount that would have been recognized had no impairment losses been recognized in previous years.

The gain or loss arising from the disposal or derecognition of a PP&E item is calculated as the difference between the consideration received and the carrying amount of the asset, and is included in the consolidated income statement of the year in which the change occurs.

4.5 Lease agreements

At inception of a contract, the Group assesses whether it is a lease agreement or includes a lease. A contract is a lease agreement, or contains a lease, when it transfers the right to control use of an identified asset for a period of time in exchange for consideration.

The lease term is the non-cancelable period, taking into account the initial term of each contract, unless Grenergy has the unilateral option of extending or terminating the contract and it is reasonably certain that it will exercise that option, in which case the corresponding extension or early termination terms are factored in.

Grenergy subsequently again assesses whether the contract is a lease agreement or contains a lease only if the terms and conditions agreed upon in the contract change.

Lessee

For each of the lease agreements in which it is the lessee, Grenergy will recognize a right-of-use asset and a financial lease liability (Note 4.6 y 4.7).

Lessor

In the case of lease agreements in which it is the lessor, Grenergy will classify them as either operating leases or finance leases.

A lease is classified as a finance lease when Grenergy substantially transfers all the risks and rewards incidental to ownership of the underlying asset to the client. A lease is classified as an operating lease when the risks and rewards incidental to ownership of the underlying asset are not substantially transferred.

- Operating leases: Payments for operating leases are recognized as income in the income statement of the lessor on a straight-line basis over the term of the contract, except when a different distribution more faithfully reflects the pattern in which the profits deriving from use of the underlying leased asset are distributed.

- Finance leases: Grenergy recognizes the assets it holds in connection with a finance lease as a receivable balance in the consolidated statement of financial position, at an amount equal to the net investment in the lease, utilizing the implicit interest rate of the lease agreement for its valuation.

Subsequently, the lessor recognizes finance income over the term of the lease so that it obtains a constant interest rate for each period with respect to the pending net finance investment relating to the lease (leased asset). Further, the lessor applies the lease payments against the gross investment in order to reduce both the principal as well as the accrued finance income.

4.6 Right-of-use assets

The Group recognizes a right-of-use asset at the inception date of the lease agreement. The cost of the right-of-use asset includes the initial amount of the lease liability, any direct initial costs, payments for leases made prior to the inception date, as well as any dismantling costs related to the asset. Subsequently, the right-of-use asset is recognized at cost less accumulated amortization/depreciation and, if applicable, the associated impairment provision, adjusted to reflect any subsequent valuation or modification of the lease.

The Group applies the extension for leases in the short term (defined as leases with a duration less than or equal to 12 months) and leases of low-value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term, unless a different approach more faithfully reflects the time pattern over which the economic benefits of the leased asset are consumed.

The right-of-use assets are depreciated/amortized on a straight-line basis over the shorter period of the lease term and the useful life of the underlying asset. If a lease involves transfer of ownership of the underlying asset or the cost of the right-of-use asset reflects the intention of the Group to exercise a purchase option, the asset related to the right-of-use is depreciated/amortized over the useful life of the underlying asset. Depreciation/amortization starts from the inception date of the lease.

4.7 Financial Instruments

A financial instrument is any contract that simultaneously gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. The Group only recognizes financial instruments in the statement of financial position when it becomes party to such a type of contract.

In the accompanying consolidated statement of financial position, financial assets and liabilities are classified as current depending on whether their maturity is equal to or less than twelve months from the reporting date. In the case of longer maturities, they are classified as non-current.

The financial assets and liabilities which the Group most frequently owns are the following:

- Financing granted to related parties and personnel of the Group, regardless of the legal manner in which this occurs.

- Trade receivables

- Financing received from financial institutions and suppliers

- Securities, both those representing debt (obligations, bonds, letters of credit, etc.) and those representing equity instruments of other entities (shares) or interests held in collective investment institutions.

a) Financial assets

Based on the characteristics of the contractual cash flows and the entity's business model for managing its financial assets, the Group recognizes the financial assets it holds in the following categories:

a) Assets at amortized cost: these financial assets are held in order to collect contractual cash flows which, based on their contractual terms, give rise to cash flows on specified dates that are solely payments of principal and interest.

This category includes "Trade and other receivables" which are measured at the moment of their recognition in the statement of financial position at market value and subsequently at amortized cost utilizing the effective interest rate. The Group recognizes the corresponding impairment provisions for any differences between the amount of its accounts receivable it reasonably expects to recover and their carrying amounts in accordance with the previous paragraph. The Group recognizes an impairment provision for these items in accordance with the expected losses. As indicated in Note 2.2 the Group has carried out an analysis of expected losses and concluded that this IFRS does not have any significant effect on the consolidated financial statements for the periods reported on in 2019 and 2018.

b) Financial assets at fair value through other comprehensive income: these are assets held with the objective of both obtaining contractual cash flows from them and selling them, and, based on the contractual clauses, the cash flows are received on specified dates that are solely payments of principal and interest. Interest, impairment losses, and translation differences are recognized in the consolidated income statement as per the amortized cost model. The remaining changes in fair value are recognized in consolidated equity balances and can be reclassified to the consolidated income statement when sold.

However, in the cases of equity instruments, provided they are not held for trading, they can be measured under this category without the amounts recognized in consolidated equity subsequently being reclassified to the consolidated income statement upon their sale, with only dividends received being recognized in the consolidated income statement.

c) Financial assets at fair value through profit or loss: this category includes the remaining financial assets not described in the previous categories.

b) Financial liabilities

Financial liabilities are classified based on the agreed-upon contractual terms and taking into account the economic substance of the corresponding transactions.

- <u>Bank borrowings and other remunerated financial liabilities:</u> Loans, bank overdrafts, obligations, and other similar instruments which accrue interest are initially recognized at fair value, which is equivalent to the cash received net of directly attributable transaction costs incurred. Finance expenses accrued, including premiums payable on settlement or redemption and direct issue costs, are recognized in the consolidated income statement using the effective interest rate method, increasing the carrying amount of the financial liabilities to the extent that they are not settled in the period in which they accrue. Said expense likewise include loans at zero interest, recognized at their nominal amounts given that they do not significantly differ from fair value.

  Loans repayable in the short term, but whose long-term refinancing is assured at the discretion of Group through available long-term credit facilities, are classified as non-current liabilities in the accompanying consolidated statement of financial position.

  On the other hand, loans associated with projects that are classified as "Inventories" are classified as current liabilities.

- Trade receivables: The Group's trade receivables in general do not mature in more than one year and do not accrue explicit interest, and are recognized at their nominal value, which is not significantly different to their amortized cost.

The Group derecognizes a financial liability, or a part of the financial liability, as soon as the obligations relating to the corresponding contract have either expired or been settled or canceled.

The substantial modifications of initially-recognized financial liabilities are accounted for as a cancellation of the original financial liability and the recognition of a new financial liability, provided the related conditions of the instruments are substantially different. The Group recognizes the difference between the carrying amount of the financial liability, or part of that liability, that has been extinguished or assigned to a third party and the consideration paid, including any assets assigned (other than cash) or liabilities assumed, in the consolidated income statement.

c) Own equity instruments

An equity instrument is any contract that evidences a residual interest in the Group’s assets after deducting all of its liabilities.

The equity instruments issued by the Parent are recognized in equity at the amount received net of any issuance costs.

Share capital

Ordinary shares are classified as equity. No other shares exist.

Costs directly attributable to the issue of new shares are recognized under “Equity” are deducted of the total amount.

Treasury shares

Transactions involving treasury shares in 2019 and 2018 are summarized in Note 13.4. They are deducted from equity on the accompanying 2019 and 2018 consolidated statements of financial position.

When the Group acquires or sells own equity instruments, the amount paid or received is recognized directly in consolidated net equity. No gains or losses are recognized under profit or loss on the purchase, sale, or cancellation of the Group's equity instruments.

The Parent’s shares are measured at average acquisition price.

Share options (Note 4.17)

The Group has Grenergy Renovables, S.A. share option plans granted to certain employees.

The ceded shares are considered own equity instruments under IFRS 2. Therefore, they are measured at fair value on the concession date, and charged to results using the straight-line method over the life of the plan, depending on the different vesting period of the share options, with a charge to equity.

As market prices are not available, the value of share options was determined using valuation techniques contemplating all factors and circumstances which, between independent and perfectly informed parties, they would have applied to fix their value.

d) Cash and cash equivalents

This heading in the accompanying consolidated statement of financial position includes cash in hand, demand deposits at credit entities and other short-term highly liquid investments with original maturities of three months or less. The bank overdrafts are classified as borrowings under current liabilities in the accompanying consolidated statement of financial position.

4.8 Financial liabilities by lease

At the inception date of the lease, the Group recognizes a lease liability at the present value of the lease payments to be made over the lease term, discounted using the implicit interest rate of the lease or, if this cannot be easily determined, the incremental borrowing rate.

The lease payments to be made include fixed payments less any receivable lease incentives, variables which depend on an index or rate, as well as guarantees for the residual value expected to arise, the exercise price of a purchase option if it is expected to be exercised, as well as termination penalty payments, if the term of the lease reflects the intention of the lessor to exercise an option to terminate the lease.

Any other variable payment is excluded from recognition of the lease liability and the right-of-use asset.

Subsequently, the lease liability is increased by the interest on the lease liability, reduced by the payments made. Likewise, the liability will again be measured if there are any modifications to the amounts payable and the lease duration.

4.9 Derivative financial instruments and accounting hedges

The Group's activities expose it to financial risks arising mainly from changes in interest rates. To hedge these exposures, the Group uses interest rate swaps. The Group does not use derivative financial instruments for speculative purposes, irrespective of the fact that in certain cases the conditions for applying hedge accounting are not met.

Derivatives are initially recognised at fair value and the required valuation adjustments are subsequently made to reflect their fair value at each point in time, and are recognised under "Current or Non-Current Financial Assets - Derivatives" in the consolidated statement of financial position if they are positive and under "Current or Non-Current Liabilities - Derivatives" in the consolidated statement of financial position if they are negative.

The gains or losses arising from these fluctuations are recognised in the consolidated income statement for the year, unless the derivative instruments have been designated as accounting hedges and the hedge is highly effective, in which case they are recognised as follows:

- Fair value hedges: both the hedged item and the hedging instrument are measured at fair value, and changes in the fair value of both instruments attributable to the hedged risk are recognised in the consolidated income statement for the year, with the net effect on the item linked to the hedged item.

- Cash flow hedges: the changes in the fair value of the hedging derivative financial instruments are recognised, in respect of the portion that was highly effective, net of the tax effect, under "Adjustments for Changes in Value" in equity in the consolidated statement of financial position. The cumulative gain or loss on this heading associated with the derivative is transferred to the consolidated income statement as the hedged item affects the Group's income statement or in the year in which the hedge is disposed of, and the effect is recognised under the same heading in the consolidated income statement.

In the case of hedges of firm commitments or future transactions that result in the recognition of a non-financial asset or a non-financial liability, the cumulative gain or loss in equity associated with the derivative instrument is taken into account in determining the initial value of the asset or liability that generates the hedged item.

Conversely, the portion of the changes in the fair value of the derivative financial instrument that is determined to be ineffective is recognised immediately in the consolidated income statement.

This type of hedge relates mainly to derivatives contracted to convert floating rate financial debt into fixed rate financial debt.

- Hedge accounting is discontinued when the hedging instrument expires, is sold, terminated or exercised or no longer qualifies for hedge accounting. At that time, the cumulative gain or loss in equity under "Adjustments for Changes in Value" remains in equity until the hedged transaction is completed, at which time the gain or loss on the transaction is adjusted. If the hedged transaction is ultimately not expected to occur, the gain or loss recognised in equity is recognised in the consolidated income statement for the year.

Derivatives embedded in other financial instruments or other host contracts are accounted for separately when their characteristics and risks are not closely related and provided that the aggregate is not being carried at fair value with changes in fair value recognised in the consolidated income statement.

The fair value of the various derivative financial instruments is calculated using the following procedures:

- Derivatives traded on organised markets: their fair value is obtained from their quoted price at year-end.

- Derivatives not traded on organised markets: the Group uses standard financial market techniques to measure these derivatives, i.e. discounting all the future flows envisaged in the contract in accordance with its characteristics, such as the notional amount and the collection and payment schedule, based on market conditions at year-end. The values thus obtained by the Group are compared with the valuations submitted by financial intermediaries and independent third parties.

4.10 Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of finished products and products in progress includes design costs, raw material and direct labor costs, as well as any other direct costs and general production overheads (based on the normal working capacity of the production methods), and interest expenses. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable sales costs.

Fixed assets (basically installations and civil engineering works) at the photovoltaic solar plants of subsidiaries included in the consolidation scope, meant for sale, are classified as inventories including reimbursable external finance expenses until they have been readied for operations.

The Group assesses the net realizable value of its inventories at each reporting date, recognizing any impairment losses as required if they are overstated. When the circumstances which gave rise to recognition of impairment losses on inventories no longer hold or there is clear evidence justifying an increase in the net realizable value due to changes in economic circumstances, the previously recognized impairment losses are reversed. This reversal is limited to the lower amount corresponding to cost or net realizable value of the inventories. Both impairment losses on inventories as well as their reversal are recognized in the consolidated income statement for the period.

The photovoltaic assets owned by the Group are initially classified as inventories, given that the directors consider that they will be sold. Where a decision is initially made to operate a photovoltaic solar plant, it then becomes apt for classification as PP&E. Should a photovoltaic plant previously-classified as inventory spend a year since construction without having been sold, it is then reclassified under the heading “Property, plant, and equipment.”

4.11 Foreign currency translation

Functional and presentational currency

The balances included in the consolidated financial statements and the corresponding notes thereto for each of the Group's entities are measured using the currency of the main economic environment in which they operate ("the functional currency"). Group companies use the currencies of the countries in which they are located as their functional currency, apart from Grenergy Atlantic, S.A., Kosten, S.A., and Parque Eólico Quillagua, SpA, which uses the US dollar as its functional currency. This is due to the fact that they are reference in US currency, with investments and the majority of its expenses in this denomination.

The consolidated financial statements of the Group are presented in euros, unless explicitly stated otherwise.

Transactions and balances in foreign currency

As the Group's functional currency is the euro, all balances and transactions denominated in currencies other than the euro are deemed to be denominated in foreign currency. Said transactions are recognized in euros applying the spot exchange rates prevailing at the transaction dates.

At financial year end, the monetary assets and liabilities denominated in foreign currencies are converted to euros utilizing the spot exchange rate prevailing at said date in the corresponding currency markets.

The gains or losses obtained from settling transactions denominated in foreign currency and the conversion at closing date exchange rates of the monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement for the year under "Currency translation differences".

The exchange rates against the euro (EUR) of the Group companies' main currencies at December 31, 2019 and December 31, 2018 were as follows:

	December 31, 2019		December 31, 2018	
	Closing exchange rate	Cumulated average rate (1)	Closing exchange rate	Cumulated average rate (1)
American Dollar (USD)	1.12	1.12	1.15	1.18
Argentine Peso (ARS)	67.27	67.27	43.11	43.11
Brazilian Real (BRL)	4.52	4.41	4.44	4.31
Chilean Peso (CLP)	845.31	786.7	794.63	757.34
Mexican Peso (MXN)	21.22	21.56	22.49	22.71
Australian Dollar (AUD)	1.60	1.61	1.62	1.58

4.12 Income tax

Income tax expense for the year is calculated as the sum of current tax, resulting from applying the corresponding tax rate to taxable income for the year (after applying any possible tax deductions), and any changes in deferred tax assets and liabilities.

The tax effect relating to items directly recognized in equity is recognized under equity in the consolidated statement of financial position.

Deferred taxes are calculated in accordance with the liability method, considering the temporary differences that arise between the tax bases of assets and liabilities and their carrying amounts, applying the regulations and tax rates that have been approved or are about to be approved at the reporting date and which are expected to apply when the corresponding deferred tax asset is realized or deferred tax liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences except for those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that is not a business combination and affects neither taxable profit or accounting profit. Deferred tax assets are recognized when it is probable that the Group will generate sufficient taxable profit in the future against which the deductible temporary differences or the unused tax loss carryforwards or tax assets can be utilized.

At each reporting date the Group reviews the deferred tax assets and liabilities recognized to verify that they remain in force, making any appropriate adjustments on the basis of the results of the analysis performed.

The Spanish companies which belong to the Group file their tax returns under a consolidated regime, together with the parent of the Group, Daruan Group Holding, S.L. and the remaining companies that make up the tax group comprised of Daruan Group Holding, S.L. and subsidiaries, with tax identification number 0381/14. Thus, the deductions on payable taxes affect the calculation of the Group's tax obligations by the effective amount applicable under the consolidated tax regime and not by the amount that would result under an individual tax regime.

On December 16, 2019, the Parent placed a package of private shares on the market, by virtue of which the Company's majority shareholder, Daruan Group Holding, S.L., now is holds a majority, with 68% of the shares (Note 12). Therefore, and as a result of a 70% ownership decrease, the Parent and its Spanish subsidiaries no longer belong to Daruan Group Holding, S.L. and subsidiaries; as a result, each files separate corporation tax returns.

4.13 Income and expense recognition

a) General

Revenue derived from contracts with customers is recognised based on compliance with performance obligations with customers in accordance with IFRS 15.

Revenue reflects the transfer of goods or services to customers at an amount that reflects the consideration to which Naturgy expects to be entitled in exchange for such goods or services.

Five steps are established for the recognition of revenue:

1. Identify the customer's contracts.

2. Identify the performance obligations.

3. Determine the price of the transaction.

4. Allocate the transaction price to the performance obligations.

5. Recognise the revenue according to the fulfilment of each obligation.

Based on this recognition model, sales are recognised when products are delivered to the customer and have been accepted by the customer, even if they have not been invoiced, or if applicable, services are rendered, and it is probable that the economic benefits associated with the transaction will flow to the entity. Revenue for the year includes the estimate of the energy supplied that has not yet been invoiced.

Expenses are recognised on an accruals basis, immediately in the case of disbursements that are not going to generate future economic profits or when the requirements for recording them as assets are not met.

Sales are stated net of tax and discounts and transactions between Grenergy companies are eliminated.

b) Income from construction contracts

For engineering, procurement and construction contracts (EPC contracts), carried out on land owned by third parties, in general, the performance obligations that the Group performs are satisfied over time and not at a specific time, since:

- The client simultaneously receives and consumes the benefits provided by the entity's performance as the service is provided.

- The asset does not have an alternative use for the Group.

- The Group has the enforceable right to pay for the performance completed to date. For these purposes, the existence of resolving clauses will also be taken into account.

For EPC contracts, in the absence of significant deviations from actual and budgeted costs, Grenergy recognizes revenue, as a general rule according to the "Input-based method" or "Degree of progress on costs", recognizing ordinary revenue based on the efforts or costs that the Group has allocated to meet the performance obligation in relation to the total costs planned to meet the performance obligation. Losses which may arise on the contracted projects are recognized, in their totality, at the moment said losses become apparent and can be estimated. The difference between revenue recognized for a project and the amount invoiced for that project is recognized in the following manner:

- if it is positive, such as "Work completed pending invoice" (deferred invoicing), under "Trade and other receivables;"

- if it is negative, such as "Advance collections" (early invoicing), under "Accruals".

c) Income from the sale of solar farms

Income from the sale of the solar farms is recognized when the ownership of the underlying goods and services have been transferred to the buyer to meet the performance commitment.

Specifically, the sale of farms with PP&E classified under "Inventories" (Note 4.10) is recognized under "Revenue" on the consolidated income statement as the sum of the price of the photovoltaic park's shares, plus the amount of its net debt (total debt less working capital); at the same time, "Inventories" are derecognized with a charge to "Changes in inventory of finished goods and work in progress" on the consolidated income statement. The difference between these two amounts is the operating profit on the sale.

The sale of shares in solar plants deemed 100% ready to build takes place when the buyer has been transferred the control of the underlying services for the performance obligation and sale to be considered legally irrevocable. The existence of termination rights are also taken into account in this regard.

d) Revenue from the rendering of services

Revenue from rendering of services, such as those related to operation and maintenance agreements and photovoltaic park administration are recorded when the entity satisfies a performance obligation by transferring a promised good or service to a customer, regardless of when actual payment or collection occurs.

4.14 Provisions and contingencies

An preparing the consolidated financial statements, the Directors of the Parent made a distinction between:

- <u>Provisions</u>*:* existing obligations at the reporting date arising from past events that are uncertain as to amount or timing, but for which it is probable that the Group will suffer an outflow of resources the amount of which can be reliably estimated.

- <u>Contingent liabilities</u>*:* possible obligations arising as a consequence of past events, materialization of which is conditional upon one or more events occurring in the future not entirely within control of the Group and which do not meet the requirements for recognition as provisions. There were no significant other contingent liabilities at the end of 2019 and 2018.

The consolidated financial statements of the Group record all significant provisions with respect to which it considers there is a high probability that the related obligation will have to be met. These liabilities are quantified based on the best information available at the reporting date regarding the consequences of the triggering event and taking into account the time value of money, if significant.

Their allocation is made with a charge against the consolidated income statement for the year in which the obligation arises (legal, contractual, or implicit), and can be fully or partially reversed with a credit to the consolidated income statement when the obligations cease to exist or decrease.

Dismantling provisions

The Group recognises a provision for the costs of dismantling solar and wind farms. Dismantling costs are determined as the present value of the expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the asset. Cash flows are discounted at a pre-tax discount rate that reflects the specific risks of the dismantling obligation. The reversal of the discount is recognised in the income statement as a finance cost as it occurs.

Estimated future decommissioning costs are reviewed annually and adjusted accordingly. Changes in estimated future costs or in the discount rate applied are added to or reduced to the cost of the asset.

Provisions are determined by discounting expected future cash flows using pre-tax market interest rates and, where appropriate, risks specific to the liability; if discounting has a material effect. When the discount method is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The Group's policy is to recognise this provision when the plant becomes operational.

4.15 Environmental assets and liabilities

Environmental assets are classified as those the Group utilizes in its activities over a long period of time whose primary purpose is to minimize the environmental impact and protect or improve the environment, including those assets designed to reduce or eliminate future contamination from the Group's activities.

The criteria for initial recognition, allocation, amortization/depreciation, and possible valuation adjustments due to impairment losses on said assets are as described in Note 3.3 above.

Given the Group's activities, and in accordance with prevailing legislation, it controls the degree of contamination produced by waste and emissions by applying an appropriate waste disposal policy. Expenses for these purposes are charged to the consolidated income statement for the year in which they are incurred.

4.16 Employee benefits expenses

Employee benefits expenses include all the Group's duties and obligations of a social nature, whether mandatory or voluntary, recognizing the obligations for bonus salary payments, holidays, and variable remuneration, as well as associated expenses.

a) Short-term employee benefits

This type of remuneration is measured at the undiscounted amount payable in exchange for services received. These benefits are generally recognized as personnel expenses for the year and are presented as a liability in the consolidated statement of financial position corresponding to the difference between the total expense accrued and the amount settled at the reporting date.

b) Termination benefits

In keeping with prevailing legislation, Group entities are obliged to pay indemnities to employees who are dismissed through no fault of their own. Said termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it has a demonstrable commitment to terminate its current labor contracts under an irrevocable and detailed plan or to provide the benefits as part of an offer to encourage voluntary redundancy.

At the closing of the periods ended December 31, 2019 and December 31, 2018 there were no plans for reducing personnel which would require a corresponding provision.

4.17 Share-based payments

Transactions in which the company receives goods or services, including services rendered by employees, in exchange for its own equity instruments, or an amount based on the value of its equity instruments, such as share options or share appreciation rights, are considered equity-settled share-based payment transactions.

The Group shall first recognize the goods and services received as an asset or an expense, based on their nature, at the date obtained and, subsequently, the corresponding increase in equity if the transaction is settled with equity instruments or the corresponding liability if settled with a cash amount based on the value of equity instruments.

If the Group has the option to settle with equity instruments or in cash, it must recognize a liability to the extent that it has incurred a present obligation to settle in cash or with other assets; alternatively, it shall recognize an increase in equity. If the choice corresponds to the supplier of the goods or services, the Group will recognize a compound financial instrument, which shall include a liability component, for the other party's right to demand payment in cash, and an equity component, for the right to receive the consideration in equity instruments.

In transactions in which services must be completed throughout a certain period of time, these services shall be recognized as rendered during said period.

In transactions with employees which are settled with equity instruments, both the services rendered and the increase in equity to be recognized shall be measured at fair value of the equity instruments assigned on the grant date.

Equity-settled transactions which relate to goods or services other than those offered by employees shall be measured at the fair value of those goods or services, if this can be measured reliably, at the date received. If the fair value of the goods or services received cannot be reliably measured, the goods or services received and the increase in equity shall be measured at the fair value of the equity instruments granted at the date the Group obtains the goods or the other party renders the services.

After recognition of the goods and services received, as established in the above paragraphs, as well as the corresponding increase in equity, no additional adjustments shall be made to equity after the vesting date.

For cash-settled transactions, the goods or services received and the liability to be recognized shall be measured at the fair value of the liability corresponding to the date recognition requirements are met.

Thereafter, and until settlement, the fair value of the corresponding liability shall be remeasured at each year end and any changes in value during the year shall be recognized in the income statement.

At December 31, 2019 the Parent had granted an incentive plan to its employees consisting of options on its shares. Said plan establishes that the transactions shall be settled via delivery of equity instruments (Note 13.5).

4.18 Related party transactions

Transactions carried out between related companies are in general measured initially at fair value. When the agreed-upon prices differ from fair value, the differences are recognized based on the economic reality of the transaction. Subsequent measurements are carried out as established in the corresponding regulations.

Notwithstanding the above, in the case of merger transactions, spin-offs, or non-monetary contributions of a business, the Group applies the following criteria:

a) For transactions between related companies in which the Parent is involved, or the parent of a subgroup and one of its subsidiaries (directly or indirectly owned), the items comprising the acquired business are measured at the corresponding amount, once the transaction has been carried out, recorded in the consolidated financial statements of the Group or subgroup.

b) In the case of transactions between other Group companies, the assets and liabilities of the business are measured at the amounts at which they were carried in the separate financial statements prior to the transaction.

The difference which may arise is recognized under reserves.

4.19 Earnings per share

Basic earnings per share are calculated by dividing consolidated profit for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of Parent shares held by the Group.

Diluted earnings per share are calculated by dividing consolidated profit for the year attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all the potential ordinary shares into ordinary shares of the Parent. For these purposes, conversion is deemed to take place at the beginning of the period or at the time of issue of the potential ordinary shares, if they had been issued during the period.

5. Business combinations

On November 8, 2019, the Parent owned 100% of the share capital of Parque Eólico Quillagua SpA (PEQ). PEQ is devoted to the development, generation, production, distribution, and sale, in any form, be it on its own behalf or that of third parties of all types of energy, including renewable, conventional, or non-conventional.

According to its share purchase-sale agreement, the price was 8,873,959 euros payable as follows, and subject to revision as indicated further on:

- 4,862,103 euros payable on the closing date (November 8, 2019);

- 4,011,856 payable when either of the following takes place: provisional reception of the built project (95 MW of nominal capacity), or the 15 months subsequent to closing.

- Should the project exceed the 95MW of nominal capacity, the price would then rise in the amount of 72,500 euros for each additional MW of nominal capacity exceeding 95 MW.

Price adjustment:

The price is adjusted downward in the amount equal to the costs incurred to refurbish the sub-station in order to offload energy to the tap-off standardization grid, in line with applicable legislation, as follows:

- The share purchase-sale agreement indicates that the parties agree to estimate the tap-off normalization cost at 1,863,526 euros, with PEQ carrying out its execution when considered appropriate, based on its own criteria.

- The sellers agree to guarantee Grenergy reimbursement of the excess amount paid in the equivalent amount of the effectively-incurred costs until it reaches tap-off standardization cost (considering it is a price reduction).

- The above was obtained based on a quote from the engineering company in charge.

On the basis of the foregoing and in accordance with IFRSs, the cost of the business combination is provisional at 31 December 2019 and there is a period of 12 months from the acquisition to complete it.

The provisional business combination cost is the following:

	Euros	
Price paid	4,862,103	
Amount outstanding	4,011,856	
Variable price depending on MW higher than the nominal 95MW	-	**(1)**
Tap-off standardization adjustment	(1,863,526)	**(2)**
TOTAL	**7,010,433**	

(1) Nominal power output is not expected to exceed 95 MW.

(2) The amount reflected above included in the share purchase-sale agreement was obtained based on a quote from the engineering company in charge of carrying out the project.

The tap-off standardization adjustment is discounted from the outstanding amount; therefore, the amount payable to the subsidiary's sellers is estimated at 2,148,330 euros during 2019 (Note 17).

The following assets and liabilities were identified during the acquisition:

	Net carrying amount	Fair value
Installations	8,062,996	10,467,171
Development costs	-	5,709,366
Deferred tax assets	1,934,376	1,934,376
Other assets	3,386	3,386
Other liabilities	(122,984)	(122,984)
TOTAL	**9,877,773**	**17,991,314**

Therefore, a previsional negative difference on consolidation was generated from the business combination:

	Euros
Cost of the business combination	7,010,433
Assets and liabilities acquired	17,991,314
Difference	10,980,882
Deferred tax liability (27%) (*)	(2,190,656)
Negative difference on consolidation	**8,790,226**

(*) The deferred tax liability in the above table corresponds to the difference between fair value and the net carrying amount of the installations and stage of development on the acquisition date.

The fair value of the installations was determined by an independent expert based on their replacement value.

The valuation was performed contemplating aspects such as the project's plant, forecasted sales price of energy output, the project's location, specific production of nearly 3,000 MWh/MW, and the price of other similar transactions. It should also be noted that one of the items adding value to this development is the fact that the project was ready to build at the time of the purchase-sale transaction.

The negative consolidation difference arose as this was a bargain purchase, since the seller had been unsuccessfully trying to find a buyer for several years.

6. Property, plant, and equipment

The breakdown and movements during the year ended December 31, 2019 and 2018 of balances recognized under this heading in the accompanying consolidated statement of financial position are as follows:

	Machinery and technical installations	Other installations, tools and furniture	Other PP&E	PP&E under construction	TOTAL
COST					
Balance at 12.31.2017	**15,467,216**	**506,017**	**275,578**	**1,293,467**	**17,542,278**
Additions	162,241	5,833	72,095	26,570,743	26,810,912
Derecognitions and decreases	(25,551,747)	(32,705)	(28,073)	-	(25,612,525)
Reclassifications	153,399	68,894	(222,293)	-	-
Transfers	11,524,431	-	-	(11,524,431)	-
Balance at 12.31.2018	**1,755,540**	**548,039**	**97,307**	**16,339,779**	**18,740,665**
Business combinations (Note 5)	-	-	-	10,467,171	10,467,171
Additions	282,857	706,545	79,145	44,633,916	45,702,463
Derecognitions and decreases	-	(156,710)	(77,991)	-	(234,701)
Balance at 12.31.2019	**2,038,397**	**1,097,874**	**98,461**	**71,440,866**	**74,675,598**
DEPRECIATION					
Balance at 12.31.2017	**(700,259)**	**(221,562)**	**(66,244)**	**-**	**(988,065)**
Allowance for the period	(810,120)	(40,290)	(14,939)	-	(865,349)
Decreases	17,974	20,191	23,694		61,859
Balance at 12.31.2018	**(1,492,405)**	**(241,661)**	**(57,489)**	**-**	**(1,791,555)**
Allowance for the period	(138,766)	(33,862)	(40,286)	-	(212,914)
Decreases	-	1,665	39,932		41,597
Balance at 12.31.2019	**(1,631,171)**	**(273,858)**	**(57,843)**	**-**	**(1,962,872)**
IMPAIRMENT					
Balance at 12.31.2017	**-**	**-**	**-**	**-**	-
Allowance for the period	-	-	-	(2,174,486)	(2,174,486)
Decreases	-	-	-	-	
Balance at 12.31.2018	**-**	**-**	**-**	**(2,174,486)**	**(2,174,486)**
Allowance for the period	-	-	-	(191,381)	(191,381)
Decreases	-	-	-	-	-
Balance at 12.31.2019	**-**	**-**	**-**	**(2,365,867)**	**(2,365,867)**
Carrying amount at 12.31.2018	**263,135**	**306,378**	**39,818**	**14,165,293**	**14,774,624**
Carrying amount at 12.31.2019	**407,226**	**824,016**	**40,618**	**69,074,999**	**70,346,859**

The useful lives and depreciation criteria used for these items are disclosed in Note 4.3.

The main additions of the 2019 and 2018 fiscal years correspond to farms built during both exercises maintained for exploitation and that are in progress at the end of both exercises.

There were no significant derecognitions during 2019. The principal derecognitions during 2018 mainly correspond to the sale of the solar plants associated with the following Group companies: Grupo GR Huingan SpA, GR Litre SpA, GR Laurel SpA, GR Tineo SpA, GR Lingue SpA, GR Guayacan SpA, and GR Pan de Azucar Spa. These sales generated profit in the amount of 11,532,405 euros recognized under “Impairment and gains on disposal of non-current assets” on the accompanying consolidated income statement.

The fixed assets under construction in the previous table correspond to the cost of fixed assets related to solar and wind farms. The detail by park at the end of the 2019 and 2018 exercises is as follows:

Farm name	Technology	Country	Capacity (MW)	12.31.2019	12.31.2018
Kosten	Wind	Argentina	24	31,102,578	11,320,119
Duna & Huambos	Wind	Peru	36	15,011,985	1,363,303
Quillagua(*)	Solar	Chile	103	19,358,155	-
Other developments	Solar	Spain/Chile/Peru/Colombia	-	3,602,281	1,481,871
TOTAL				**69,074,999**	**14,165,293**

(*) The cost corresponds to the additions by business combination amounting to 10,467 thousand euros (Note 5) and 8,891 thousand euros for additions in the year.

Impairment losses

During the period ended December 31, 2019 the Group recognized impairment losses on PP&E in the amount of 191 thousand euros (2018: 2,174 thousand euros), mainly corresponding to various ongoing projects principally located in Mexico and a plant in Chile (reclassified from inventories to fixed assets in 2018).

Fully depreciated assets

At year-end 2019, the Group held fully-depreciated assets still in use under ”Property, plant, and equipment” totaling 30,035 euros (2018: 96,623 euros).

Firm purchase and sale commitments.

The Group had not commitments for buying or selling any of its items of PP&E in a significant amount. Assets corresponding to the Kosten, Duna & Huambos, and Quillagua farms are subject to guarantees within the project finance contracts signed for each park (Note 17.2).

Insurance

The Group has arranged several insurance policies to cover the potential risks which could affect its items of property, plant and equipment. The coverage of these insurance policies is considered sufficient.

7. Intangible assets

The composition and movements during the years 2019 and 2018 in the accounts included in this heading of the accompanying consolidated statement of financial position have been the following:

	Patents, licenses and trademarks	Software	TOTAL
COST			
Balance at 12.31.2017	**2,845,760**	**10,737**	**2,856,497**
Additions	-	-	-
Business combinations	(151,435)	-	(151,435)
Balance at 12.31.2018	**2,694,325**	**10,737**	**2,705,062**
Business combinations (Note 5)	5,709,366	-	5,709,366
Additions	957,720	81,501	1,039,221
Currency translation differences	13,776	-	13,776
Balance at 12.31.2019	**9,375,187**	**92,238**	**9,467,425**
DEPRECIATION			
Balance at 12.31.2017	**-**	**(6,772)**	**(6,772)**
Allowance for the period	-	(872)	(872)
Decreases	-	-	-
Balance at 12.31.2018	**-**	**(7,644)**	**(7,644)**
Allowance for the period	-	(13,874)	(13,874)
Decreases	-	-	-
Balance at 12.31.2019	**-**	**(21,518)**	**(21,518)**
Carrying amount at 12.31.2018	**2,694,325**	**3,093**	**2,697,418**
Carrying amount at 12.31.2019	**9,375,187**	**70,720**	**9,445,907**

The useful lives of these assets, as well as the amortization criteria used are detailed in Note 4.4 of this consolidated report.

"Patents, licenses, trademarks, and similar" chiefly correspond to the fair value of the development acquired from Parque Eólico Quillagua, SpA in the amount of 5,709,366 euros (Note 5).

Impairment losses

The Group's Directors consider that there are no indications of impairment of the different assets of intangible assets at the end of the 2019 and 2018 financial years, so no impairment has been made during the year.

Fully amortized assets

At the close of the 2019 and 2018 financial years, the Group kept intangible assets fully amortized and still in use amounting to 6,160 euros.

Lease agreements

At year-end 2019 and 2018, the Group did not have any intangible assets under finance leases. It did not have any operating lease agreements for any of its intangible assets.

Firm purchase and sale commitments

The Group has no commitments for the acquisition or sale of intangible fixed assets for a significant amount nor are there intangible fixed assets in litigation or guarantees related to third parties.

8. Right of use assets and operating leases

8.1 Right of use assets

The detail of the right-of-use assets as well as the movement of the year ended December 31, 2019 is as follows:

	Lands	Offices	Transportation equipment	Total
First adoption of the IFRS 16 at 01.01.2019	**176**	**1,223**	**183**	**1,582**
Additions	2,799	584	33	**3,416**
Amortization	(95)	(301)	(38)	**(434)**
Accrued interests	-	-	-	**-**
Payments	-	-	-	**-**
Balance at 12.31.2019	**2,880**	**1,506**	**178**	**4,564**

"Land" includes rental agreements for the land upon which the Kosten, Duna & Huambos, and Quillagua parks are being built.

"Offices" includes the lease agreements for the office space in Spain and Chile.

"Transportation equipment" includes finance leases for certain vehicles.

8.2 Operating leases - Leases

To conduct its business, the Group leases the right to use certain goods from third parties, and other Daruan Group companies. The terms outlined in the main lease agreements were in force during 2019 and 2018, which do not fall under the scope of IFRS 16 because they are short-term contracts are as follows (Note 2.2):

Year ended December 31, 2019:

		Period expense		Renewal		
Element	**Due date**	**2019**	**Contingent payments**	**Year**	**Purchase option**	**Price revision**
Office lease (Spain)	2020	108,000	b)	2019	N/A	2019
Office lease (Chile)	2019	25,441	b)	2016	N/A	-
Office lease (Peru)	2020	10,479	b)	2019	N/A	2019
Office lease (Argentina)	2020	7,469	b)	2019	N/A	2019
Apartment lease (Chile)	2020	11,342	b)	2019	N/A	2019
Apartment lease (México)	2019	9,857	b)	2018	N/A	-
Other	2020	8,677	b)	2019	N/A	-
Total		**181,265**				

a) Monthly payments

b) IPC based

Year ended December 31, 2018:

Element	Due date	Period expense	Contingent payments	Renewal		
		2018		Year	Purchase option	Price revision
Office lease (Spain)	2019	108,000	b)	2018	N/A	2019
Office lease (Chile)	2019	69,352		2016	N/A	2018
Office lease (Peru)	2019	24,938		2018	N/A	2019
Apartment lease (Chile)	2019	7,790		2018	N/A	2019
Apartment lease (México)	2019	21,798		2018	N/A	2019
Total		**231,878**				

a) Monthly payments

b) IPC Based

During 2019 and 2018, the Group had the guarantees which were contractually mandated by lessors totaling 86,924 euros and 91,989 euros respectively (Note 9.2).

The breakdown of non-cancelable minimum future operating lease payments, broken down by installment date at year end 2019 and 2018, is as follows:

	2019			2018		
	1 year	Between 1 and 5 years	+ 5 year	1 year	Between 1 and 5 years	+ 5 year
Office lease (España)	108,000	-	-	108,000	-	-
Office lease (Perú)	10,479	-	-	10,479	-	-
Office lease (Argentina)	7,469	-	-	-	-	-
Apartment lease (Chile)	7,616	-	-	7,904	-	-
Apartment lease (México)	-	-	-	21,798	-	-
Other	16,870	-	-	-	-	-
Total	**150,434**	**-**	**-**	**148,181**	**-**	**-**

None of the goods leased by the Group were subleased to third parties during 2019 and 2018.

9. Financial assets

9.1 Investments in related companies

The breakdown and movements during 2019 and FY 2018 of balances recognized under this heading in the accompanying consolidated statement of financial position are as follows:

	Balance at 12.31.2017	Additions	Retirements	Balance at 12.31.2018	Additions	Retirements	Balance at 12.31.2019
Non-current investments							
Equity instruments	-	11,474	-	11,474	-	(11,474)	-
	-	**11,474**	**-**	**11,474**	**-**	**(11,474)**	**-**
Current financial investments							
Loans to companies	32,151	45,830	(32,151)	45,830	40,512	(45,830)	40,512
	32,151	**45,830**	**(32,151)**	**45,830**	**40,512**	**(45,830)**	**40,512**
Total	**32,151**	**57,304**	**(32,151)**	**57,304**	**40,512**	**(57,304)**	**40,512**

Equity instruments correspond to the participation that the Parent Company has in certain Group companies that in 2018 were not included in the consolidation scope because they did not have a significant interest. In fiscal year 2019 all these entities have been included in the consolidation perimeter.

Loans to companies correspond to loans granted to certain Group companies not included in the consolidation scope as they were inactive and not significant, including the tax related borrowings which some of the Group companies held with the Parent of the Daruan Group Holding, S.L. Group, the parent of the tax group (Note 20).

9.2 Other financial investments

The movements during year ended 2019 and FY 2018 of the different balances recognized under the headings for financial investments in the accompanying consolidated statement of financial position are as follows:

	Balance at 12.31.2017	Additions	Retirements	Balance at 12.31.2018	Additions	Retirements	Balance at 12.31.2019
Non-current investment							
Equity instruments	**-**	-	-	**-**	102,067	-	**102,067**
Other financial assets	**6,453**		(5,705)	**748**	(748)	-	**-**
Security deposits and guarantees	**84,387**	7,602	-	**91,989**	**-**	(5,065)	**86,924**
	90,840	7,602	(5,705)	**92,737**	101,319	(5,065)	**188,991**
Current financial investments							
Loans to companies	-	2,236,465	-	**2,236,465**	**-**	(2,236,465)	-
Other financial assets	**147,345**	130,707	(154,214)	**123,838**	6,873,062	(123,838)	**6,873,062**
	147,345	2,367,172	(154,214)	**2,360,303**	6,873,062	(2,360,303)	**6,873,062**
Total	**238,185**	**2,374,774**	**(159,919)**	**2,453,040**	**6,974,381**	**(2,365,368)**	**7,062,053**

"Equity instruments" correspond to the 34.02% investment made in AIE Renovables Nudo Villanueva de los Escuderos, A.I.E during the year with two partners, to build an electricity substation for use by different solar park partners. The above AIE was inactive at year-end 2019.

Current loans to companies at December 31, 2018 correspond to three loans which the subsidiary Grenergy Pacific Limitada granted to entities which left the Group at December 31, 2018 (GR Tineo S.p.A, GR Lingue S.p.A. y GR Guayacan S.p.A.). These loans were repaid in February 2019.

Other financial assets recognized under current assets at December 31, 2019 correspond to short-term deposits at financial entities which bear interest at market rates.

The breakdown on the other financial investments of the ended year December 31, 2019 is as the follow:

Year ended December 31, 2019:

	Fair value through profit or loss	Loans and other financial assets	Total
Non-current investments			
Equity instruments	102,067	-	102,067
Security deposits and guarantees	-	86,924	86,924
	102,067	**86,924**	**188,991**
Current financial investments			
Other financial assets	-	6,873,062	6,873,062
	-	**6,873,062**	**6,873,062**
Total	**102,067**	**6,959,986**	**7,062,053**

Year ended December 31, 2019:

	Loans and other financial assets	Total
Non-current investments		
Other financial assets	748	748
Security deposits and guarantees	91,989	91,989
	92,737	**92,737**
Current financial investments		
Loans to companies	2,236,465	2,236,465
Other financial assets	123,838	123,838
	2,360,303	**2,360,303**
Total	**2,453,040**	**2,453,040**

In 2019 and 2018, no financial assets were reclassified from one heading to another, and no cessions or transfers took place.

During 2019 and 2018, financial assets with established maturities or which may be determined using remaining installments have a 5-year duration.

No financial assets were delivered or accepted as guarantees for operations during 2019 and 2018.

10. Inventories

The composition of inventories at the end of 2019 and 2018 is as follows:

	12.21.2019			12.31.2018		
	Cost	Impairment losses	Balance	Cost	Impairment losses	Balance
Raw materials and other consumables	1,015,452	-	1,015,452	1,115,309	-	1,115,309
Plant in progress	7,777,484	-	7,777,484	10,479,885	-	10,479,885
Prepayments to suppliers	58,180	-	58,180	29,502	-	29,502
Total	**8,851,116**	**-**	**8,851,116**	**11,624,696**	**-**	**11,624,696**

At year-end 2019 and 2018, the Group recognized materials still not used in the solar plants under "Raw materials and other consumables" in the respective amounts of 1,015,452 and 1,115,309 euros.

Movements in inventories of raw materials and work in progress during 2019 and 2018 follow:

	12.31.2019	12.31.2018
Initial balance	**11,595,194**	**9,647,193**
Change in stocks of work in progress	(2,702,401)	1,009,770
Change in stocks of raw materials	(99,857)	938,231
Final balance	**8,792,936**	**11,595,194**

“Plants in progress" reflects a balance of 7,777,484 euros at December 31, 2019 (2018: 10,479,885 euros), which includes construction costs for two photovoltaic farms located in Chile (Quinta and Sol de Septiembre); there are sales agreements for both. During 2018, this heading included the construction costs for the Rovián, Doñihue, and Santa Rosa plants.

The Group has arranged insurance policies to cover the potential risks to which its inventories are exposed. The coverage of these insurance policies is considered sufficient.

In 2019 and 2018, there were no inventories with collateral granted as a guarantee.

11. Trade receivables for sales and services and client prepairments

This heading in the accompanying consolidated statement of financial position presents receivable balances from construction activities and sales of photovoltaic solar plants as well as income from operating and maintenance services in connection with photovoltaic solar plants.

At December 31, 2019, "Trade receivables for sales and services" mainly records the amounts pending collection for the sale of photovoltaic solar plants in the amount of 14,211 thousand euros (2018: 11,898 thousand euros). At December 31, 2019, of the aforementioned amount, 6,371 thousand euros correspond to invoices pending issue in connection with "work completed pending invoice" resulting from the positive difference between income recognized for each construction project and the amount invoiced for each such project (2018: 0 thousand euros), in accordance with the recognition criteria for income based on the degree of completion.

The Group signed share purchase-sale agreements in 2019 and 2018, which included termination clauses rendering the sale revocable. Amounts received in this regard were classified under “Customer advances” under current liabilities on the accompanying consolidated statement of financial position in the amounts of 8,651,083 and 5,839,755 euros, respectively.

The breakdown of sales to external customers invoiced amounts equal to or higher than 10% of net turnover during 2019 and 2018 is the following:

	Euros	
Clients	**2019**	**2018**
AD CAPITAL TRALKA ENERGÍAS RENOVABLES	17,874,002	10,464,240
CARBONFREE CHILE, SPA	19,707,120	3,683,242
SONNEDIX	12,392,620	-
DE ENERGIA, SPA (DAELIM)	19,752,738	-
Total	**69,726,480**	**14,147,482**

At the closing of the interim period ended December 31, 2019 and the closing of FY 2018 there were no balances recognized as doubtful debts.

The entirety of balances reflected under this heading mature in the upcoming 12 months; the directors considered that the amount recognized on the accompanying statement of financial position is in line with fair value.

12. Cash and cash equivalents

The breakdown of this heading at the closing of the interim period ended 2019 and 2018 is as follows:

	Balance at 12.31.2019	Balance at 12.31.2018
Cash in hand	28,773,087	13,119,041
Total	**28,773,087**	**13,119,041**

Of the amounts shown in the table above, at December 31, 2019 and December 31, 2018, 1,243,653 euros and 7,098,860 euros, respectively, correspond to current accounts pledged for obtaining guarantees.

13. Capital and reserves

13.1 Share capital

At December 31, 2019 the Parent's share capital amounted to 8,507,177 euros corresponding to 24,306,221 shares with a nominal value of 0.35 euros each.

The shareholders in general meeting at June 17, 2019 agreed upon a capital increase of 4,861,244 euros with a charge to the Parent's voluntary reserves, via increase of the nominal value of already issued shares by 0.2 euros per share, resulting in a value of 0.35 euros per share.

Since 8 July 2015, the Parent's shares have been listed on the Alternative Stock Market, in the Expanding Companies segment ("MAB-EE"). As a result of the admission to listing on the MAB-EE, the company lost its status as a single-member company, which was declared in 2014. On 15 November 2019, the Parent's shareholders at the Annual General Meeting approved, a request for the delisting of its shares from the Alternative Stock Market and, simultaneously, a request for their admission to trading on the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges and their inclusion in the Spanish Stock Market Interconnection System. As a result, the Board of Directors of Bolsas y Mercados Españoles, Sistemas de Negociación, S.A. resolved to delist the 24,306,221 shares of the Parent from the market, with effect from 16 December 2019, the same date on which the Parent's shares were admitted to listing on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. As a previous step to delisting all the Parent's shares from the Spanish alternative equity market (MAB), and simultaneous admission to trading of the shares on the Madrid, Barcelona, Bilbao, and Valencia stock exchanges; Daruan Group Holding S.L.U. and certain minority shareholders placed a package of 2,429,000 shares on the market through an accelerated bookbuilding process, representing 10% of share capital.

At December 31, 2019 the following shareholders of the Parent held a direct stake of more than 10% of share capital:

Shareholder	No, of shares	Percentage of ownership interest
Daruan Group Holding, S.L.	16,539,590	68%

13.2 Share premium

The share premium amounted to 6,117,703 euros at December 31, 2019. This balance can be used for the same purposes as the voluntary reserves of the Parent, including conversion to capital.

13.3 Reserves

The consolidated statement of changes in equity which forms a part of these consolidated financial statements provides a breakdown of the aggregate balances and movements for the ended 2019 and 2018. The composition of the different line items are shown below:

	Balance at 12.31.2017	Increase	Decrease	Transfers	Balance at 12.31.2018	Increase	Decrease	Balance at 12.31.2019
Parent company reserves:								
Non distributable reserves								
Legal reserve	729,187	-	-	-	729,187	-	-	729,187
Capitalization	315,027	-	-	20,194	335,221	204,237	-	539,458
Unrestricted reserves								
Voluntary reserves	7,394,946	3,801,634	-	836,371	12,032,951	12,732,727	(7,124,981)	17,640,697
Total reserves of the Parent	**8,439,160**	**3,801,634**	-	**856,565**	**13,097,359**	**12,936,964**	**(7,124,981)**	**18,909,342**
Reserves in consolidated companies	**(4,615,622)**	**1,473,192**	**(725,305)**	**(856,565)**	**(4,724,300)**	**2,771,589**	**(1,511,762)**	**(3,464,473)**
Total	**3,823,538**	**47,369**	**(3,279,488)**	**-**	**8,373,059**	**15,708,553**	**(8,636,743)**	**15,444,869**

Legal Reserve

The Parent's legal reserve was appropriated in accordance with Article 274 of the Spanish Companies Law, which stipulates that 10% of income for each year must be transferred to the reserve until it represents at least 20% of the share capital.

It may not be distributed and if it is used to offset losses, in the event that no other reserves are available for this purpose, it must be replenished with future profits.

Voluntary Reserve

These reservations are freely available.

The profits or losses obtained from the purchase and sale of treasury stock are recorded directly in voluntary reserves. The increase in voluntary reserves for this item recorded in 2019 amounts to 2,110,720 euros (800,410 euros in 2018).

Capitalization Reserve

In 2017, the Parent Company Grenergy Renovables S.A. recognised, with a charge to the available reserves, the capitalisation reserve corresponding to 10% of the increase in equity for 2016, in accordance with Article 25 of Spanish Corporation Tax Law 27/2014 of 27 November (Note 20).

This reserve will be unavailable for a period of 5 years. In 2019 this reserve has been increased by 204,237 euros (20,194 euros in 2018) corresponding to 10% of the increase in equity for 2018

Reserve in fully consolidated companies

The detail of this caption in the accompanying consolidated statement of financial position by company is as follows:

Entities	12.31.19	12.31.18
GREENHOUSE RENEWABLE ENERGY S.L.	(299)	(137)
GREENHOUSE SOLAR ENERGY S.L.	(414)	(276)
GREENHOUSE SOLAR FIELDS S.L.	(576)	(414)
GUIA DE ISORA SOLAR 2 S.L.	(6,592)	(6,344)
GR SOLAR 2020 S.L.	(1,901)	(1,136)
GR SUN SPAIN S.L.	(2,505)	(2,502)
GR EQUITY WIND AND SOLAR S.L.	273,911	198,154
GR AITANA RENOVABLES S.L.	(593)	(593)
GR ASPE RENOVABLES S.L.	(620)	(620)
GR BANUELA RENOVABLES S.L.	(617)	(617)
GR TURBON RENOVABLES S.L.	(611)	(611)
GR TAKE RENOVABLES, S.L.U.	(391)	-
GR EUGABA RENOVABLES, S.L.U.	(368)	-
GR NEGUA RENOVABLES, S.L.U.	575	-
LEVEL FOTOVOLTAICA S.L.	(161,331)	(7,644)
EIDEN RENOVABLES, S.L.	(349)	(289)
CHAMBO RENOVABLES, S.L.	(349)	(289)
MAMBAR RENOVABLES, S.L.	(348)	(289)
EL AGUILA RENOVABLES, S.L.	(289)	(289)
GR RENOVABLES MEXICO S.A.	(1,504,405)	(1,112,855)
GRENERGY PERU SAC	(774,827)	(537,292)
GR PAINO SAC	121,848	91,052
GR TARUCA SAC	121,277	90,815
GRENERGY RENOVABLES PACIFIC, LTDA.	(870,146)	(3,321,746)
GRENERGY COLOMBIA SAS	(145,292)	(89,488)
FAILO 3, LTDA.	(9,214)	(1,601)
GRENERGY ATLANTIC S.A.	(100,758)	(3,616)
KOSTEN S.A.	116,313	(6,509)
GREEN HUB SA de CV	(513,212)	-
GR PACIFIC OVALLE, LTDA.	45,542	(9,164)
MESO 4 SOLAR SA de CV	(23,392)	-
CRISON 2 SOLAR SA de CV	(2,370)	-
ASTILO 1 SOLAR SA de CV	(26,641)	-
MIRGACA 6 SOLAR SA de CV	(400)	-
ORSIPO 5 SOLAR SA de CV	4,871	-
Total Entities	**(3,464,473)**	**(4,724,300)**

13.4 Treasury stock

On 19 May 2015, the Extraordinary General Meeting of Shareholders of the Parent Company Grenergy Renovables, S.A. unanimously agreed, in accordance with Article 146 of the Spanish Companies Act, to authorise the Company's Board of Directors to acquire, on one or more occasions, a maximum of 2,000,000 shares of the Company, at a maximum price of EUR 5 and a minimum of EUR 0.01 per share. The acquisition may be made by purchase, swap, donation, allotment, dation in payment and, in general, by any form of acquisition of the shares for consideration.

Therefore, in a share purchase deed dated 29 June 2015, the majority shareholder, Daruan Group Holding, S.L., agreed to transfer 520,000 shares to Grenergy Renovables, S.A., to form a treasury stock. The purchase price was determined to be the price set in the subscription offer for Grenergy Renovables, S.A.

In December 2019, the Parent signed a new liquidity agreement for the management of its treasury shares with Banco de Sabadell. The contract came into force on December 16, 2019 and has a term of twelve months.

The shares acquired as treasury stock are intended to meet the obligations arising from the contract signed with the liquidity provider, in compliance with the provisions of Circular 1/2017 of the National Securities Market Commission.

The Parent Company has allocated a total of 26,525 shares to the associated securities account and 500,000 euros to the cash account for the new liquidity contract.

Banco Sabadell will carry out the transactions covered by this contract, on the regulated markets and in the Spanish multilateral trading systems, through the order market, in accordance with the trading rules, as established in the CNMV Circular.

On 11 September 2018, the Parent Company acquired 365,426 treasury shares from persons related to the Company at a price of.

The treasury share portfolio at the year ended 2019 and 2018 is comprised of the following:

	Balance at 12.31.2019	Balance at 12.31.2018
No. of shares in treasury share portfolio	**556,815**	**888,177**
Total treasury share portfolio	**3,328,497**	**2,062,970**
Liquidity Account	2,423,479	1,198,776
Fixed Own Portfolio Account	905,018	864,194

During the year ended 2019 and FY 2018, the movements in the treasury sure portfolio of the Parent were as follows:

Year ended December 31, 2019

	Treasury shares		
	Number of shares	Nominal amount	Average purchase / sales price
Balance at 12.31.2018	**888,177**	**2,062,969**	**2.32**
Acquisitions	389,978	3,882,063	9.95
Disposals	(721,340)	(2,616,535)	3.63
Balance at 12.31.2019	**556,815**	**3,328,497**	**5.98**

Year ended December 31, 2018:

	Treasury shares		
	Number of shares	Nominal amount	Average purchase / sales price
Balance at 12.31.2017	**741,577**	**1,133,498**	**1.55**
Acquisitions	658,055	1,869,232	2.84
Disposals	(511,455)	(939,761)	1.84
Balance at 12.31.2018	**888,177**	**2,062,969**	**2.32**

The purpose of holding the treasury shares is to maintain them available for sale in the market and for the incentive plan approved for directors, executives, employees, and key collaborators of the Group (Note 13.5).

At December 31, 2019 treasury shares represent 2.3% (2018: 3.7%) of all the Parent's shares.

13.5 Employee incentive plan

At the meeting held on June 26, 2015, the Board of Directors of the Parent approved an incentive plan for certain executives and key personnel based on the granting of options on the Parent's shares. At December 31, 2019 the number of shares set aside for covering this plan totaled 22,000 shares. The exercise price of the share options was established as 1.38 euros per share.

The beneficiary will be able to acquire:

- A third of the shares granted for the option from the date on which two years have elapsed counting from the grant date.

- A third of the shares granted for the option from the date on which three years have elapsed counting from the grant date.

- A third of the shares granted for the option from the date on which four years have elapsed counting from the grant date.

At June 2, 2016 a second incentive plan was approved based on the granting of options on the Parent's shares with similar characteristics to the first one. At December 31, 2019 the number of shares set aside for covering this plan totaled 48,667 shares. The exercise price of the share options was established as 1.90 euros per share.

At November 27, 2018 a third incentive plan was approved based on the granting of options on the Parent's shares with similar characteristics to the previous two plans. At December 31, 2018 the number of shares set aside for covering this plan totaled 157,143 shares. The exercise price of the share options was established as 3.50 euros per share.

At March 29, 2019 a fourth incentive plan was approved based on the granting of options on the Parent's shares with similar characteristics to the previous three plans. At December 31, 2019 the number of shares set aside for covering this plan totaled 62,200 shares. The exercise price of the share options was established as 6.90 euros per share.

Said incentive plans establish that their settlement will be carried out by delivery of equity instruments to the employees should they exercise the options granted. The exercise prices of the options on shares were established by reference to the fair value of the corresponding equity instruments at the grant date. The Group did not recognize any amounts relating to this item since it considered that the fair value of the option price is not significant.

At December 31, 2019 there were 54,445 exercisable options (2018: 198,000). In 2019, 263,333 options were exercised.

13.6 Earnings (loss) per share

Basic

The basic earnings (losses) per share from continuing operations corresponding to the interim periods ended December 31, 2019 and December 31, 2018 were as follows:

	Euros	
	12.31.2019	12.31.2018
Profit attributable to the partners of the Parent	11,436,955	9,725,962
Weighted average number of ordinary shares outstanding	23,583,725	23,491,344
Earnings (losses) per share	**0.48**	**0.41**

Basic earnings per share are calculated by dividing the profit attributable to the partners of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted

There are no significant agreements for diluting basic earnings per share as calculated in the previous paragraph.

14. Unrealized gains/(losses) reserve

Hedge transactions

This corresponded to the fair value of hedging instruments contracted by the Group at December 31, 2019 (Note 17.5).

Currency translation differences

The detail of this heading of the consolidated statement of financial position attached by each company included in the consolidation scope is as follows:

	12.31.19	12.31.18
GR RENOVABLES MEXICO S.A. DE C.V.	54,857	135,885
GRENERGY GREENHUB S.A. DE C.V.	6,956	(48)
GRENERGY PERU SAC	(14,924)	7,743
GR PAINO SAC	123,481	(112,777)
GR TARUCA SAC	112,498	(112,382)
GRENERGY RENOVABLES PACIFIC, LTDA.	(640,845)	(116,367)
FAILO 3, LTDA.	6,522	634
GR COLOMBIA, SAS	27,766	9,788
PARQUE EÓLICO QUILLAGUA, SpA	(200,201)	-
GR PACIFIC OVALLE, LTDA.	(39,004)	(38,592)
ORSIPO 5 SOLAR	11,507	38
MESO 4 SOLAR	(1,383)	1,179
CRISON 2 SOLAR	136	26
ASTILO 1 SOLAR	(1,423)	263
MIRGACA 6 SOLAR	(27)	-
GR MOLLE SpA	-	746
GR BELLOTO SpA	-	746
GRENERGY OPEX, SpA	(2,527)	-
GRENERGY ATLANTIC S.A.	37,196	15,153
KOSTEN S.A.	66,522	(52,350)
Total	**(452,893)**	**(260,315)**

15. Non-controlling interests

The movement for each society is as follows:

Year ended December 31, 2019

	12.31.2018	Changes in the consolidation scope	Others	Result	Currency translation differences	12.31.2019
GR. Renovables México, S.A.	(28,999)	-	1,071	(4,334)	(1,654)	(33,916)
Grenergy Perú SAC	(7,748)	-	-	(3,606)	(229)	(11,583)
GR Paino, SAC	-	13,539	-	3,847	13,720	31,106
GR Taruca, SAC	-	13,475	-	5,685	12,500	31,660
Grenergy Renovables Pacific, Ltda.	20	-	(118)	220	(20)	102
Failo 3, Ltda.	(8,581)	-	-	-	5,888	(2,693)
Grenergy Pacific Ovalle, Ltda.	(21,012)	-	21,153	(3)	(8)	130
Level Fotovoltaica S.L.	(161,331)	-	-	(2,447)	-	(163,778)
Meso 4 Solar	(453)	-	(1)	-	(52)	(506)
Crison 2 Solar	(48)	-	-	-	2	(46)
Astilo 1 Solar	(538)	-	(1)	-	(34)	(573)
Mirgaca 6 Solar	-	-	(8)	-	(1)	(9)
Total	**(228,690)**	**27,014**	**22,096**	**(638)**	**30,112**	**(150,106)**

Year ended December 31, 2018

	12.31.2017	Changes in the consolidation scope	Others	Result	Currency translation differences	12.31.2018
GR. Renovables Mexico, S.A.	(19,033)	-	(3,679)	(9,061)	2,773	(29,000)
Grenergy Perú SAC	(5,117)	-	(364)	(2,399)	132	(7,748)
Grenergy Renovables Pacific, Ltda.	(12)	-	2	41	(12)	19
Failo 3, Ltda.	(1,341)	-	(260)	(7,612)	634	(8,579)
Grenergy Pacific Ovalle, Ltda.	(225)	-	38	(20,038)	(788)	(21,013)
Level Fotovoltaica S.L.	(6,140)	-	(1,504)	(153,687)	-	(161,331)
Meso 4 Solar	-	-	-	(477)	24	(453)
Crison 2 Solar	-	-	-	(48)	1	(47)
Astilo 1 Solar	-	-	-	(544)	6	(538)
Grenergy Pan de Azúcar, Ltda. (*)	53,046	(53,046)	-	-	-	-
Total	**21,178**	**(53,046)**	**(5,767)**	**(193,826)**	**2,770**	**(228,690)**

(*) Entity sold in 2018

The balance shown in the consolidated income statement attached in the heading “Result attributed to non-controlling interests” represents the participation of minority shareholders in the consolidated results for the year.

16. Provisions and contingencies

The movements during the interim period ended December 31, 2019 and FY 2018 in the line items included under this heading in the accompanying consolidated statement of financial position were as follows:

	Provision for dismantling costs	Provision for delays and guarantees	Other provisions	Total
Balance at 12.31.2017	**-**	**-**	**-**	**-**
Allowances	-	64,150	-	**64,150**
Amounts used	-	-	-	**-**
Balance at 12.31.2018	**-**	**64,150**	**-**	**64,150**
Allowances	2,748,384	764,759	-	**3,513,143**
Amounts used	-	-	-	**-**
Balance at 12.31.2019	**2,748,384**	**828,909**	**-**	**3,577,293**

Provision for penalties

This relates to the estimate of the penalties incurred in the commercial operation of the Kosten wind farm in connection with the power supply agreement entered into with Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA). Under the aforementioned agreement, the Group undertook to have the wind farm completed and in commercial operation by 13 August 2019, but due to various circumstances and events, mainly the bankruptcy of the main subcontractor could not be completed. The contractually committed period has expired, and the Group estimates that commercial operation will take place in the first quarter of 2020. At December 31, 2019, the Group's directors and its internal and external legal advisors understood that the risk of meeting the penalties under the contract was probable and decided to record a provision for this item. The recognition of this provision had no impact on the consolidated income statement since the Group has executed guarantees in its favour covering this circumstance with the main subcontractor. Notwithstanding the foregoing, if CAMMESA finally decided to apply penalties for delay to Grenergy, the Group's directors consider that there are legal arguments based on reasons of force majeure that could determine that these penalties are unjustified and, therefore, the relevant claims would be made to avoid the outflow of resources from the Group.

Provision for delays and guarantees

At each year end the Group evaluates the need to recognize a provision for guaranteeing and covering any inconsistencies that may arise with respect to materials, supplies, and spare parts delivered as well as penalties due to delays in connecting solar plants. At December 31, 2019 and December 31, 2018 the Group had set aside provisions for these items based on the best estimates possible.

At December 31, 2019 and December 31, 2018 there were no provisions of a significant nature or contingent liabilities which had not been recognized or disclosed in the consolidated financial statements and the corresponding notes thereto.

Dismantling provision

The Group records a provision for dismantling at the end of the construction period of the solar and wind power plants. This provision is calculated by estimating the present value of the obligations assumed as a result of dismantling or retirement and others associated with the aforementioned asset, such as the costs of refurbishing the site on which the solar plants are located. At 31 December 2019 and 2018 the Group had not recognised any amount in this respect as it had no plants in operation.

17. Non-current and current borrowings

The breakdown of these consolidated statement of financial position headings at December 31, 2019 and December 31, 2018 is as follows:

	Non-current borrowings	Current borrowings	Total at 12.31.2018	Non-current borrowings	Current borrowings	Total at 12.31.2019
Obligations and tradeable values	**-**	**-**	**-**	**21,539,686**	**-**	**21,539,686**
Bank borrowings	**9,333,447**	**6,061,848**	**15,395,295**	**41,764,740**	**4,953,157**	**46,717,897**
Loans	9,333,447	2,799,001	12,132,448	41,764,740	3,633,730	45,398,470
Credit facilities	-	2,424,089	2,424,089	-	24,435	24,435
Foreign financing	-	838,758	838,758	-	1,294,992	1,294,992
Other financial liabilities	**266,535**	**1,244,074**	**1,510,609**	**208,249**	**3,342,401**	**3,550,650**
Derivatives	**-**	**-**	**-**		**654,429**	**654,429**
Finance lease liabilities	**134,854**	**27,662**	**162,516**	**3,726,447**	**692,217**	**4,418,664**
Total	**9,734,836**	**7,333,584**	**17,068,420**	**67,239,122**	**9,642,204**	**76,881,326**

The only liabilities that are measured at fair value are derivative financial instruments. These were measured using cash flow discounts (see Note 4.9).

The fair value of the other financial assets and liabilities does not differ significantly from the amount at which they are recognised.

At December 31, 2019 and December 31, 2018, the breakdown of borrowings by residual maturities is as follows:

Year ended December 31, 2019

	Obligations and tradeable values	Bank borrowings	Other borrowings	Derivatives	Finance lease liabilities	Total
Until 12.31.2020	-	4,953,157	3,342,401	654,429	692,217	**9,642,204**
Until 12.31.2021	-	5,979,643	52,060	-	515,209	**6,546,912**
Until 12.31.2022	-	5,250,801	156,189	-	553,070	**5,960,060**
Until 12.31.2023	-	5,448,398	-	-	482,268	**5,930,666**
Until 12.31.2024	21,539,686	5,855,502	-	-	473,019	**27,868,207**
More than 5 periods	-	19,230,396	-	-	1,702,881	**20,933,277**
Total	**21,539,686**	**46,717,897**	**3,550,650**	**654,429**	**4,418,664**	**76,881,326**

Year ended December 31, 2018

	Bank borrowings	Other borrowings	Finance lease liabilities	Total
Within one year	6,061,848	1,244,074	27,662	**7,333,584**
Until 2020	2,618,644	52,060	27,688	**2,698,392**
Until 2021	1,271,276	52,060	23,168	**1,346,504**
Until 2022	453,627	52,060	80,887	**586,574**
Until 2023	453,627	52,060	3,111	**508,798**
More than 5 periods	4,536,273	58,295	-	**4,594,568**
Total	**15,395,295**	**1,510,609**	**162,516**	**17,068,420**

During 2019 and 2018 the Group complied with the payment of all amounts of its financial debt at maturity. Likewise, at the date of authorization of these consolidated financial statements the Group had complied with all related obligations assumed.

17.1 Bonds and other marketable debt securities

In October 2019, the Parent's Board of Directors agreed to establish the "2019 Grenergy fixed-income renewable energy program;" the Company may issue fixed-income securities in the short and long term in a maximum nominal amount of up to 50,000,000 euros. During October, 2019, the corresponding prospectus reported admission to trading on the Alternative Fixed-Income Market (MARF), to incorporate bonds issued within the framework of the "2019 Grenergy fixed-income renewable energy program" during its validity period (1 year commencing the date of inclusion of the prospectus for the admission for trading to MARF).

In November 2019, the Parent issued bonds under the above program in the nominal amount of 22,000,000 euros at a 4.75% interest rate, maturing in November 2024. Accrued interest in the year amounted to 174 thousand euros.

At year end, the Group was in compliance with its bond-issue covenants.

Bank borrowings

The breakdown of loans subscribed and their main contractual conditions at December 31, 2019 and December 31, 2018 is as follows:

Year ended December 31, 2019

					Euros		
Financial institution	**Maturity date**	**Interest rate**	**Type of**	**Installments**	**Non-current liabilities**	**Current liabilities**	**Total**
Banco Sabadell	10/20/2021	2.50%	Corporate	Monthly	534,031	609,693	1,143,724
Banco Sabadell (USD)	04/19/2021	3.60%	Corporate	Monthly	297,229	891,687	1,188,916
Banco Santander	04/10/2020	2.15%	Corporate	Quaterly	-	673,827	673,827
KFW Bank (USD)	07/31/2034	5.00%	Project / corporate guarantee	Semi-annual	22,961,222	1,458,523	24,419,745
CAF-Banco de Desarrollo de América Latina & ICO (USD)	04/30/2036	6.79%	Project / corporate guarantee	Semi-annual	8,119,074		8,119,074
Sinia Capital (USD)	11/30/2035	9.50%	Project / corporate guarantee	Semi-annual	-	-	-
Banco Security, Banco del Estado de Chile y Penta Vida Compañía de Seguros de Vida (USD)	11/08/2036		Project / corporate guarantee	Semi-annual	-	-	-
Sinia Capital (USD)	11/08/2036		Project / corporate guarantee	Semi-annual	9,808,555	-	9,808,555
Total					**41,764,740**	**3,633,730**	**45,398,470**

Year ended December 31, 2018

					Euros		
Financial institution	**Maturity date**	**Interest rate**	**Type of**	**Installments**	**Non-current liabilities**	**Current liabilities**	**Total**
KFW BANK (USD)	07/31/2034	5.00%	Project / corporate guarantee	Semi-annual	6,350,782	-	6,350,782
BANCO SABADELL	10/20/2021	2.50%	Corporate	Monthly	1,143,724	602,127	1,745,851
BANCO SABADELL (USD)	04/19/2021	3.60%	Corporate	Monthly	1,165,114	870,701	2,035,815
BANCO SANTANDER	04/10/2020	2.15%	Corporate	Quaterly	673,827	1,326,173	2,000,000
Total					**9,333,447**	**2,799,001**	**12,132,448**

The three loans backed by corporate guarantees with Banco Sabadell and Banco Santander were arranged to bolster the Group's cash position in the event of upcoming investments in developing projects, and ensuring that Grenergy has sufficient liquidity to carry out its business plan. The abovementioned loans are not subject to covenants, apart from that related to the Kosten project. Interest rates range from 2.15%-3.60%, maturing in between 2 and 5 years.

Project finance

In 2019 the Group had 4 project finance arrangements in the approximate total amount of 127 million euros:

(i) project finance granted by KFW Bank to the subsidiary Finanduero GR Kosten, S.A.U. to build and operate the Kosten wind farm (24 MW) in Argentina;

(ii) another two granted by Banco de Desarrollo de América Latina, by Spain’s Instituto de Crédito Oficial (ICO), and Sinia Capital, S.A.C.V. to the subsidiary GR Taruca, S.A.C. as lender for building and operating the Duna wind farm, to the subsidiary GR Paino, S.A.C. For construction and operation of the Huambos wind farm, both located in Peru, one of which featuring a capacity of 18 MW, and

(iii) A project finance granted by Banco Security, Banco del Estado de Chile, Penta Vida Compañía de Seguros de Vida, and Sinia Renovables, S.A.U.to the subsidiary Parque Eólico Quillagua, SpA as lender for construction and operation of the Quillagua 103 MW-capacity solar plant.

Kosten project

The project finance agreement with KFW Bank corresponds to a senior financing contract with a maximum principal amount of 31.7 million US dollars (28.3 million euros at the 2019 exchange rate) maturing on July 31, 2034 and repayable in semi-annual installments at an interest rate of 5%. At year end, the Group was in compliance with its bond-issue covenants. There are certain associated guarantees related to the Company’s properties requiring compliance with certain commitments.

Duna & Huambos Project

An addition, during the construction of the Duna and Huambos wind farms, several syndicated loan agreements were arranged during March 2019 in the maximum amount of $36.8 million (2018: 32.8 million euros at the year-end exchange rate), maturing on March 31, 2037 with CAF-Banco de Desarrollo de América Latina and Spain's Instituto de Crédito Oficial (ICO), with an all-in 6.79% interest rate. Both contracts are mezzanine loans (subordinated to senior financing) totaling $6 million (2019 exchange rate: 5.3 million euros), maturing on November 30, 2035, with Sinia Capital, S.A. de C.V. at a 9.50% interest rate. There are certain associated guarantees related to the Company's properties requiring compliance with certain commitments.

Quillagua project

In November of the year, the Group arranged financing in the amount to $60.3 million (year-end 2019 exchange rate: 54.8 million euros) with Banco Security, Banco del Estado de Chile, and Penta Vida Compañía de Seguros de Vida, to build a solar farm with 103 MW capacity in Quillaga, and an estimated output of 301 gigawatts/hour. This park is slated for connection during the third quarter of 2020. The structure is project finance, encompassing financing of the senior debt within 17 years. Sinia Renovables, SAU, is wholly owned by Banco de Sabadell, S.A., which also participates in financing the abovementioned solar farm thanks to a mezzanine loan in the amount of $11 million (2019 exchange rate: 9.8 million euros). There are certain associated guarantees related to the Company's properties requiring compliance with certain commitments.

17.2 Credit facilities and discount lines

At December 31, 2019 and December 31, 2018 the Group had subscribed credit facilities and credit financing for foreign operations with various financial entities. The breakdown of these items at said dates and their contractual terms are as follows:

Year ended December 31, 2019:

		Euros		
Financial institution	**Maturity**	**Credit limit**	**Amount drawn**	**Drawable amount**
BANKIA I	05/27/2020	100,000	-	100,000
BANKIA II	04/21/2020	1,500,000	-	1,500,000
SANTANDER	04/17/2020	300,000	-	300,000
SANTANDER II (ANTES POPULAR)	05/07/2020	200,000	-	200,000
SABADELL	05/10/2020	200,000	23,102	176,898
BANKINTER	Indefinite	500,000	-	500,000
BANKIA (VISA)	Indefinite	3,000	-	3,000
BANCO SABADELL (VISA)	Indefinite	30,000	-	30,000
SECURITY (VISA)	Indefinite	8,000	1,333	6,667
Total credit facilities		**2,841,000**	**24,435**	**2,816,565**
SABADELL (USD)	Indefinite	13,500,000	67,554	2,886,110
SANTANDER (USD)	Indefinite	11,750,000	-	7,024,020
BANKIA (USD)	05/27/2020	11,000,000	1,227,438	3,218,843
BANKINTER (USD)	Indefinite	11,000,000	-	5,531,739
CAIXABANK (USD)	01/23/2021	5,000,000	-	2,985,581
BBVA (USD)	03/01/2020	5,000,000	-	-
Total foreign financing		**57,250,000**	**1,294,992**	**21,646,293**
Total		**60,091,000**	**1,319,427**	**24,462,858**

Year ended December 31, 2018:

Financial institution	Maturity	Euros Credit limit	 Amount drawn	 Drawable amount
BANKIA I	09/07/2019	100,000	93,524	6,476
BANKIA II	04/21/2019	1,500,000	1,494,422	5,578
SANTANDER	04/14/2019	300,000	281,761	18,239
POPULAR	10/26/2019	200,000	189,852	10,148
SABADELL	05/25/2019	200,000	80,203	119,797
BANKINTER	07/28/2019	300,000	271,616	28,384
BANKIA (VISA)	Indefinite	3,000	-	3,000
BANCO SABADELL (VISA)	Indefinite	30,000	12,711	17,289
Total credit facilities		**2,633,000**	**2,424,089**	**208,911**
SABADELL (USD)	Indefinite	6,500,000	250,952	6,064,509
SANTANDER (USD)	Indefinite	6,000,000	-	2,959,432
BANKIA (USD)	09/07/2019	6,000,000	587,806	2,336,537
POPULAR (USD)	10/26/2019	2,000,000	-	2,000,000
BANKINTER (USD)	07/28/2019	6,500,000	-	6,500,000
CAIXABANK (USD)	01/23/2019	5,000,000	-	5,000,000
BBVA (USD)	07/12/2019	3,000,000	-	1,994,369
Total foreign financing		**35,000,000**	**838,758**	**26,854,847**
Total		**37,633,000**	**3,262,847**	**27,063,758**

The average annual interest rate on the credit facilities during 2019 was 2.15%.

17.3 Other borrowings

At December 31, 2019 and December 31, 2018 the breakdown of other borrowings held by the Group was as follows:

Year ended December 31, 2019:

Financial institution	Maturity	Interest rate	Type of guarantee	Installments	Euros Non-current liabilities	 Current liabilities	 Total
CDTI	12/05/2022	No interest	No	Monthly	208,249	52,060	260,309
Ministerio de Economía y Competitividad	20/01/2021	No interest	No	Monthly	-	6,226	6,226
Other borrowings (Kosten)	-	-	-	-	-	1,169,001	1,169,001
Other borrowings (PEQ)	-	-	-	-	-	2,113,810	2,113,810
Other	-	-	-	-	-	1,304	1,304
Total					**208,249**	**3,342,401**	**3,550,650**

Year ended December 31, 2018:

Financial institution	Maturity	Interest rate	Type of guarantee	Installments	Euros Non-current liabilities	 Current liabilities	 Total
CDTI	12/05/2022	No interest	No	Monthly	260,308	52,060	312,368
Ministerio de Economía y Competitividad	20/01/2021	No interest	No	Monthly	6,227	5,926	12,153
Other borrowings	-	-	-	-	-	1,186,088	1,186,088
Total					**266,535**	**1,244,074**	**1,510,609**

This heading corresponds to the following:

- Amount pending payment at year end which was generated by the purchase of Kosten S.A., and integrated into the Group during 2017.

- Amount pending payment at year end which was generated by the purchase of Parque Eólico Quillagua SpA, and integrated into the Group in 2019 (Note 5).

- The balance relating to CDTI corresponds to the amount pending repayment at the end of the period of a zero interest loan granted by the CDTI on October 13, 2011 in the amount of 520,609 euros in order to help financing the necessary investments for the project known as "Design and Modeling of a forecasting system for performance and integral control at energy distribution installations."

- Further, the Parent received a zero interest rate loan granted by the Ministry of Economy and Competition on April 16, 2012 in the amount of 33,756 euros relating to the personnel expenses for carrying out the project known as "Design and Modeling of a forecasting system for performance and integral control at energy distribution installations."

  The repayment of these loans can be extended over a maximum period of seven yearly installments at identical amounts, allowing a maximum maturity for the first annual installment of five years counted from the date on which they were granted. The first of said annual installments fell due for the year 2015.

17.4 Derivatives

Derivative financial instruments during the year corresponded to two interest rate swaps established to mitigate the effects of Libor 6-month fluctuations upon which finance charges on bank borrowings are established to finance construction of the solar park indicated under Quillagua's "PP&E under construction." The notional amounts and fixed rates on the above during 2019 follow:

Farm	Financial entity	Notional a 12.31.2019	Fixed rate
Quillagua	Banco Security	11,207,946	6.452%
Quillagua	Banco del Estado de Chile	11,207,946	6.452%

Under the terms of the swap, twice a year, the Group pays monthly interest at a fixed rate of 6.452% and receives interest at a floating rate of 6-month Libor. The swap was designated as a cash flow hedge of the interest rate risk associated with the mortgage loan granted by Banco Security and Banco del Estado de Chile. The terms of the hedging instrument and the covered instrument are the same, and thus it is considered an effective hedge.

17.5 Finance lease liabilities

Commencing January 1, 2019, due to the application of IFRS 16 "Leases," lease liabilities are contemplated under "Financial debt" (Note 2.2). The chief liabilities recognized during 2019 under this heading on the consolidated statement of financial position are:

	Lands	Offices	Transportation equipment	Total
Long-term finance lease liabilities	2,521	1,074	132	3,727
Short-term finance lease liabilities	306	353	33	692
TOTAL (Thousands euros)	**2,827**	**1,427**	**165**	**4,419**

"Land" includes lease liabilities from the rental agreements for the land upon which the Kosten, Duna & Huambos, and Quillagua parks are being built.

"Offices" includes lease agreements for the office space in Spain and Chile.

"Transportation equipment" includes finance leases for certain vehicles.

18. Borrowings from related companies

As at 31 December 2019, there were no debts to related companies.

The breakdown of these headings in the accompanying consolidated statements of financial position at ended 2019 and December 31, 2018 is as follows*:*

Year ended December 31, 2019:

	Maturity date	Interest rate	Type of guarantee	Non-current borrowings	Current borrowings	Total at 12.31.19
Borrowings from related companies						
Loan debt	Indefinite	Euribor 12 months + 2%	-	-	17,033	17,033
Tax related debt	-	-	-	-	316,736	316,736
Total			**-**	**-**	**333,769**	**333,769**

The above table shows the debt owed Daruan Group Holding, S.L. at the closing of the interim period ended December 31, 2019 and the closing of FY 2018, amounting to 17 thousand euros.

The Group files its corporate tax return as part of the tax group comprised of all companies which fulfill the requirements established in Chapter VI of Title VII of Law 27/2014 of November 27, on Corporate Income Tax, with Daruan Group Holding, S.L. as the parent of said tax group. Thus, a related debt of 317 thousand euros owed to this company was recorded at December 31, 2018. As discussed in Note 20, in 2019 the Parent and the other subsidiaries ceased to belong to the Daruan Group Holding, S.L. and Subsidiaries tax group.

19. Disclosure of deferrals of payment to suppliers

The total amount of payments made during the year, with details of periods of payments, according to the maximum legal limit under Law 15/2010 of 5 July, which laid down measures against slow payers in Spain, is as follows:

	2019	2018
	Days	**Days**
Average supplier payment period	52.92	62.56
Transactions paid ratio	60	69
Transactions pending payment ratio	43	45
	Euros	**Euros**
Total transactions paid	26,556,384	23,053,948
Total transactions pending payment	18,961,836	8,445,984

20. Public administrations and tax matters

The breakdown of balances with public administrations at December 31, 2019 and December 31, 2018 is as follows:

Receivable from public administrations	Non-current	Current	Balance at 12.31.19	Non-current	Current	Balance at 12.31.18
Deferred tax assets	**3,497,950**	**-**	**3,497,950**	**956,594**	**-**	**956,594**
Current tax assets	**-**	**16,112**	**16,112**	**-**	**-**	**-**
Other receivables from Public Administrations	**-**	**12,146,960**	**12,146,960**	**-**	**2,091,851**	**2,091,851**
Tax return receivables	-	1,577,972	**1,577,972**	-	714,533	**714,533**
Tax receivables VAT	-	10,568,988	**10,568,988**	-	1,377,318	**1,377,318**
Total	**3,497,950**	**12,163,072**	**15,661,022**	**956,594**	**2,091,851**	**3,048,445**

Payable to public administrations	Non-current	Current	Balance at 12.31.19	Non-current	Current	Balance at 12.31.18
Deferred tax liabilities	**3,450,112**	**-**	**3,450,112**	**-**	**-**	**-**
Current tax liabilities	**-**	**730,798**	**730,798**	**-**	**-**	**-**
Other payables to public administrations	**-**	**1,370,551**	**1,370,551**	**-**	**299,458**	**299,458**
VAT payable	-	977,065	**977,065**		128,172	**128,172**
Payable to the public treasury for withholdings	-	329,274	**329,274**		129,526	**129,526**
Social security agencies	-	64,212	**64,212**		41,760	**41,760**
Total	**3,450,112**	**2,101,349**	**5,551,461**	**-**	**299,458**	**299,458**

Tax situation

In accordance with current legislation in the countries in which Group companies are located, taxes cannot be considered definitive until they have been inspected by the tax authorities or the corresponding inspection period has elapsed.

Due to the varying interpretations of the tax regulations applicable, certain tax contingencies that are not objectively quantifiable could arise. Nevertheless, the Parent’s Directors considers that tax debts arising from possible future actions taken by the tax authorities corresponding to each of the Group companies would not have a significant effect on the consolidated financial statements taken as a whole.

Income tax

The Spanish companies of the Grenergy Group file their tax returns under a consolidated tax regime since 2012, together with other companies of the Daruan Group. During 2012 and 2013 the parent of the tax group was Daruan Venture Capital, S.C.R., and since 2014 the new parent of the tax group has been Daruan Group Holding, S.L. As discussed in Note 13.1, in 2019 the Parent and its Spanish subsidiaries left the tax group.

The reconciliation between consolidated accounting profit and income tax, based on each company's individual information, is as follows:

Year ended December 31, 2019

	Income statement		
	Increase	Decrease	Total
Profit/(loss) before tax			**14,099,760**
Permanent differences	279,710	(1,593)	278,117
Temporary differences	283,771	(360)	283,411
Capitalization Reserve		(238,442)	(238,442)
Tax base (fiscal result)			**14,422,846**
Gross tax calculated at average tax rate			4,182,625
Expenditure / (Income) for tax associated with consolidation adjustments (*)			(1,519,182)
Expense (Income) on earnings			**2,663,443**

(*) Mainly corresponds to consolidation adjustments arising from the elimination of unrealized internal third-party margins.

Year ended December 31, 2018

	Income statement		
	Increase	Decrease	Total
Profit/(loss) before tax			**10,927,936**
Permanent differences	189,300	(2,853)	186,447
Temporary differences	86,323	(427,415)	(341,092)
Capitalization Reserve		(62,261)	(62,261)
Tax base (fiscal result)			**10,711,030**
Gross tax calculated at average tax rate			3,106,198
Expenditure / (Income) for tax associated with consolidation adjustments (*)			(1,710,720)
Expense (Income) on earnings			**1,395,478**

(*) It corresponds mainly to consolidation adjustments due to the elimination of unrealized internal margins against third parties.

The composition of (expenditure) / income on earnings for the 2019 and 2018 fiscal years is as follows:

	12.31.2019	**12.31.2018**
GRENERGY RENOVABLES, S.L.	(1,846,941)	(1,642,516)
GREENHOUSE RENEWABLE ENERGY S.L.	38	54
GREENHOUSE SOLAR ENERGY S.L.	38	46
GREENHOUSE SOLAR FIELDS S.L.	38	54
GR RENOVABLES PACIFIC LTDA	(549,801)	(305,688)
PARQUE EÓLICO QUILLAGUA, SPA	(191,909)	-
GRENERGY OPEX, SPA	(29,353)	-
GUIA DE ISORA SOLAR 2 S.L.	97	83
GR SOLAR 2020 S.L.	1	255
GR SUN SPAIN S.L.	-	1
GR TARUCA SAC	(22,291)	(14,064)
GR PAINO SAC	(14,463)	(14,162)
GR TAKE RENOVABLES, S.L.U.	(104)	-
GR EUGABA RENOVABLES, S.L.U.	(97)	-
GR NEGUA RENOVABLES, S.L.U.	133	-
GR PERÚ SAC	(38,855)	-
GRENERGY COLOMBIA, SAS	31,907	-
GR TINEO SPA	-	89,897
GR GUAYACAN SPA	-	81,144
GR LINGUE SPA	-	188,798
KOSTEN SA	-	221,708
GREEN HUB SA de CV	-	(1,519)
ORSIPO 5 SOLAR	-	(349)
GR EQUITY WIND AND SOLAR S.L.	(1,881)	780
Total	**(2,663,443)**	**(1,395,478)**

The tax rates change according to the different locations, the main ones being the following for the year 2019 and 2018:

Country	**Tax rate**
Spain	25%
Chile	27%
Peru	29.50%
Argentina	35%
Mexico	30%
Colombia	33%

Deferred tax assets and liabilities

The difference between tax expense for the year and those previous, and that which is already paid or is payable during the periods recognized under “Deferred tax assets” or “Deferred tax liabilities,” as appropriate. The above deferred tax assets were calculated by applying the prevailing nominal tax rate to the amounts.

The detail of this line item in the accompanying consolidated statement of financial position at December 31, 2019 and 2018 is as follows:

		Registered in profit and loss account			**Registered in profit and loss account**			
	Balance at 12.31.2017	**Additions**	**Retirements**	**Balance at 12.31.2018**	**Additions**	**Business combinations**	**Retirements**	**Balance at 12.31.2019**
Deferred tax assets	**402,743**	**836,956**	**(283,105)**	**956,594**	**742,802**	**1,934,343**	**(135,789)**	**3,497,950**
Pending negative tax base	-	247,987	-	**247,987**	-	1,934,376	(135,789)	**2,046,574**
Pending tax deductions	-	33	-	**33**	-	(33)	-	**-**
Temporary differences	402,743	588,936	(283,105)	**708,574**	742,802		-	**1,451,376**
Deferred tax liabilities	**463,446**	**-**	**(463,448)**	**-**	**344,032**	**3,107,111**	**(1,031)**	**3,450,112**
Permanent differences	-	-	-	-	-	-	-	**-**
Temporary differences	463,446		(463,446)	**-**	344,032	3,107,111	(1,631)	**3,450,112**
Total	**(60,703)**	**836,956**	**180,341**	**956,594**	**398,770**	**(1,172,768)**	**(134,758)**	**47,838**

Deferred tax assets arising from business combinations correspond to the tax base of the subsidiary Parque Eólico Quillagua, SpA at the date it joined the Group (Note 5).

Deferred tax liabilities on business combinations correspond to the measurement at fair value of the assets acquired from the Kosten y Parque Eólico Quillagua business combinations (Note 5).

The recoverability of deferred tax assets is assessed during recognition and at least at year end, in accordance with Group results during upcoming years.

Negative tax base pending compensation

At the end of the 2019 and 2018 financial years, the negative tax bases pending compensation by company is as follows:

Thousands Euros	**12.31.2019**	**12.31.2018**
LEVEL FOTOVOLTAICA, S.L.	323	322
GR PACIFIC OVALLE, LTDA.	1,017	1,017
GRENERGY PERU SAC	783	765
GR RENOVABLES MEXICO S.A.	1,559	1,417
GRENERGY COLOMBIA SAS	145	137
GRENERGY ATLANTIC S.A.	101	101
FAILO 3, LTDA.	18	15
PARQUE EÓLICO QUILLAGUA, SpA	7,164	-
KOSTEN SA	477	856
Total	**11,587**	**4,630**

The above table indicates that during 2018, the only tax loss carryforwards correspond to the subsidiaries Kosten, S.A. and Parque Eólico Quillagua, SpA. The recovery of these tax credits is reasonably assured because they do not have a maturity date and correspond to companies that are estimated to have recurring profits in the future when they enter into operation.

21. Income and expenses

Cost of Sales

The breakdown of the consolidated balance recognized under this heading by sector of activity is as follows:

	12.31.2019			12.31.2018		
	Purchases	Changes in stocks	Total applied	Purchases	Changes in stocks	Total applied
Consumption of goods for release	62,674,701	(99,857)	62,574,844	20,764,986	938,231	21,703,217
Subcontracted work	13,507	-	13,507	357,858	-	357,858
Total	**62,688,208**	**(99,857)**	**62,588,351**	**21,122,844**	938,231	**22,061,075**

The breakdown of the purchases recorded in the accompanying consolidated income statement is as follows:

	12.31.2019	12.31.2018
Spain	8,557,104	6,515,023
Imports	54,131,104	14,607,821
Total	**62,688,208**	**21,122,844**

Social security costs

The breakdown of this heading in the consolidated income statement at 2019 and 2018 is as follows:

	12.31.2019	12.31.2019
Social security payable by the Company	707,907	386,673
Other social security expenses	64,912	39,346
Total	**772,819**	**426,019**

The Group's average number of employees during ended 2019 and 2018 by professional category is as follows:

Category	2019	2018
Board members and Senior management	6	4
Department directors	16	15
Other	64	64
Total	**86**	**83**

The breakdown by gender of employees, directors, and senior management at 2019 and 2018 is as follows:

Category	12.31.2019			12.31.2018		
	Male	Female	Total	Male	Female	Total
Senior management	6	3	**9**	4	1	**5**
Department Directors	13	4	**17**	11	4	**15**
Other	95	29	**124**	67	24	**91**
Total	**114**	**36**	**150**	**82**	**29**	**111**

The Group had no employees under contract with disabilities greater than or equal to 33% during 2019 or 2018.

External services

The breakdown is as follows:

	2019	2018
Lease payments (Note 8.2)	150,434	821,376
Repairs and maintenance	155,891	90,043
Independent professional services	1,966,538	1,448,089
Transports	10,533	10,936
Insurance premiums	188,951	146,951
Bank services	269,910	77,585
Publicity, advertising and public relations	156,531	37,263
Supplies	168,216	65,644
Other services	961,074	701,601
Total	**4,028,078**	**3,399,488**

"Professional services" reflects 551 thousand euros corresponding to the expenses incurred when the Parent applied for admission to trading on the Barcelona, Bilbao, and Valencia stock exchanges, and inclusion on Spain's Alternative Stock Market.

"Other" mainly includes expenses incurred when changing offices in Spain and Chile during 2019, as well as personnel travel expenses during 2019 and 2018.

Finance income and expenses

The breakdown of finance income and expenses recognized in the accompanying consolidated income statement is as follows:

	12.31.2019	12.31.2018
Income	**55,019**	**-**
Interest from other financial assets	55,019	-
Expenses	**(1,141,769)**	**(1,559,392)**
Interest on borrowings	(1,141,769)	(1,559,392)
Currency translation differences	**(2,307,056)**	**(2,798,088)**
Impairment and gains or losses on disposal of financial instruments	**(25,000)**	**(122,714)**
Impairment losses	(25,000)	(122,714)
Finance cost	**(3,418,806)**	**(4,480,194)**

Negative exchange differences during 2019 chiefly arose due to the sharp depreciation in the Argentine peso vs. the US dollar, due to balances receivable from Argentina's public bodies.

Negative exchange differences in 2018 mainly correspond to the pronounced depreciation of the Chilean peso with respect to the US dollar.

Profit (loss) by company

The contributions to consolidated profit attributable to the Parent for 2019 and 2018 (in euros) by each company included in the consolidation scope are as follows:

Entities	12.31.2019	12.31.2018
GRENERGY RENOVABLES, S.A.	12,495,751	15,216,857
GREENHOUSE RENEWABLE ENERGY S.L.	(113)	(217)
GREENHOUSE SOLAR ENERGY S.L.	(113)	(184)
GREENHOUSE SOLAR FIELDS S.L.	(113)	(217)
GUIA DE ISORA SOLAR 2 S.L.	(296)	(332)
GR SOLAR 2020 S.L.	(3)	(1,021)
GR SUN SPAIN S. L.	-	(4)
GR EQUITY WIND AND SOLAR S.L.	13,219	74,628
LEVEL FOTOVOLTAICA S.A.	(2,447)	(153,687)
EDEN RENOVABLES, S.L.	-	(60)
CHAMBO RENOVABLES, S.L.		(60)
MAMBAR RENOVABLES, S.L.	-	(60)
GR TAKE RENOVABLES, S.L.U.	311	-
GR EUGA BA RENOVABLES, S.L.U.	292	
GR NEGUA RENOVABLES, S. L. U.	(399)	-
GR RENOVABLES MEXICO S.A.	(212,345)	(443,974)
GREEN HUB SA de CV	(30,483)	(513,212)
GRENERGY PERU SAC	(357,050)	(237,535)
GR PAINO SAC	34,624	44,335
GR TARUCA SAC	51,164	43,937
GRENERGY RENOVABLES PACIFIC, LTDA.	2,018,453	(772,437)
GRENERGY OPEX, SpA	73,471	-
PARQUE EDLICO QUILLAGUA, SpA	(162,493)	-
GRENERGY COLOMBIA SAS	16,966	(55,804)
GRENERGY ATLANTIC S.A.	(266,344)	(97,142)
KOSTEN S.A.	(2,130,535)	122,822
FAILO 3, LTDA.	-	(7,612)
GR HUINGAN SPA(**)	-	(11,472)
GR PACIFIC OVALLE LTDA.	(146)	(981,841)
GR MOLLE SPA (*)	(16,388)	(21,060)
GR BELLOTO SPA (*)	(24,890)	(25,209)
GR TAMARUGO SPA (*)	(27,472)	-
GR GUINDO SPA	(21,366)	-
GR SAUCE SPA	(13,505)	-
MESO 4 SOLAR	-	(23,392)
CRISON 2 SOLAR	-	(2,370)
AST1L0 1 SOLAR	-	(26,641)
ORSIPO 5 SOLAR	(795)	4,871
GR LAUREL SPA(**)	-	(316,549)
GR AVELLANO SPA(**)		(3,879)
GR UTRE SPA(**)		(853,771)
GRARRAYAN SPA (**)	-	(21,554)
GR TINED SPA(**)		(227,945)
GR GUAYACAN SPA(**)	-	(205,308)
GR LINGUE SPA(**)	-	(488,239)
GR QUILLAY SPA(**)	-	(13,312)
GR ALERCE SPA(**)		(13,602)
GR PALMA SPA(**)	-	(19,082)
GR LILEN SPA(**)		(31,891)
GR MELI SPA(**)	-	(411)
GR CHAQUIHUE SPA(*)	-	(103,787)
GR PACIFIC PAN DE AZOCAR, LTDA.(**)	-	(106,614)
Total Entities	**11,436,955**	**9,725,962**

(*) Out of consolidation scope at 12.31.2019

(**) Out of consolidation scope at 12.31.2018

22. Foreign currency

Transactions performed with foreign currency in 2019 and 2018 follow:

Year ended December 31, 2019

	12.31.2019						
	Value in euros						
	American Dollars	Chilean peso	Peruvian soles	Mexican peso	Argentinian peso	Colombian peso	Total
Sales revenue	70,931,791	-	-	-	-	-	70,931,791
Revenue from services rendered	-	1,120,742	-	-	-	-	1,120,742
Total	**70,931,791**	**1,120,742**	**-**	**-**	**-**	**-**	**72,052,533**
Purchases	(39,809,633)	(14,321,471)	-	-	-	-	(54,131,104)
Work carried out by other companies	-	(13,507)	-	-	-	-	(13,507)
Reception of services	(255,377)	(1,028,145)	(188,018)	(79,423)	-	(17,533)	(1,568,496)
Total	**(40,065,010)**	**(15,363,123)**	**(188,018)**	**(79,423)**	**-**	**(17,533)**	**(55,713,107)**

Year ended December 31, 2018

	12.31.2018						
	Value in euros						
	American Dollars	Chilean peso	Peruvian soles	Mexican peso	Argentinian peso	Colombian peso	Total
Sales revenue	24,254,429	2,022,201	-	-	-	-	26,276,630
Revenue from services rendered	-	778,268	-	-	-	-	778,268
Total	**24,254,429**	**2,800,469**	**-**	**-**	**-**	**-**	**27,054,898**
Purchases	(12,407,766)	(7,257,779)	-	-	-	-	(19,665,545)
Work carried out by other companies	-	(357,859)	-	-	-	-	(357,859)
Reception of services	-	(1,662,109)	(114,587)	(61,961)	(128,234)	(43,552)	(2,010,443)
Total	**(12,407,766)**	**(9,277,747)**	**(114,587)**	**(61,961)**	**(128,234)**	**(43,552)**	**(22,033,847)**

23. Environmental disclosures

One of the stages which characterizes the development of a renewable energy project (albeit solar or eolic in nature) is the performance of studies and statements on the environmental impact installations may exert. The key purpose of the above is to measure and reduce the true impact of executing projects on the environment.

Competent authorities in the different countries in which the Group operates are in charge of preventing environmental damage. Conducting an environmental impact assessment on any activity makes it possible to introduce environmental aspects during project design and execution, as well as the performance of activities carried out in each country. These assessments certify that public- and private-sector initiatives are prepared to comply with applicable environmental requirements.

Although there are a vast array of different environmental impacts, they can be classified into three types according to origin: (i) environmental impact unleashed by taking advantage of natural resources; (ii) the effects of pollution; and (iii) the damage caused by land occupation.

The Group's projects are generally affected by the environmental impact of land occupation. When a project commences, land is sought and located encompassing the essential characteristics necessary to ensure it is not changed during project execution; on occasion environmental improvements are made.

Another effect on the environment which could impact the Group's PP&E is pollution, since some of the machinery used in carrying out its activities belongs to the Group. In this regard, the parties in charge of executing any stage in the development of a project always seek to optimize equipment organization, adapting it to its surroundings.

Depending on each project, the Group hires different consultants and engineering firms to conduct environmental studies which are subsequently reviewed by competent authorities. Once the study in question has been closely reviewed by competent authorities, the decision is made on the suitability of the activity; the conditions and measures to take to correctly protect the environment and natural resources are then determined.

In accordance with prevailing legislation, the Group controls the degree of contamination produced by waste and emissions by applying an appropriate waste disposal policy.

24. Related-party transactions

24.1 Related-party transactions and balances

In addition to group entities, jointly controlled entities, and associates, the Group's related parties also include directors and senior management of the Parent (including close family members) as well as those entities over which they may exercise control or significant influence.

Receivable and payable balances with related parties at December 31, 2019 and December 31, 2018 are as follows (Note 9.1 and Note 18):

	Parent company	Other related parties	Total 12.31.2019	Parent company	Other related parties	Total 12.31.2018
Assets						
Loans to related companies	40,512	-	**40,512**	45,830	-	**45,830**
	40,512	**-**	**40,512**	**45,830**	**-**	**45,830**
Liabilities						
Payable to suppliers, related companies	-	(5,436)	**(5,436)**	-	(27,759)	**(27,759)**
Borrowings from related companies	-	-	**-**	(332,879)	(890)	**(333,769)**
	-	**(5,436)**	**(5,436)**	**(332,879)**	**(28,649)**	**(361,528)**

The balances with related parties at December 31, 2019 and December 31, 2018 are comprised of the following:

- Loans to related companies: this amount reflects the debts of certain Group companies owed to the Parent in connection with corporate income tax, as well as credits to other associated entities at December 31, 2018.

- Borrowings from related companies reflect the balance at the end of the period corresponding to the loan facility subscribed with Daruan Group Holding, S.L. as well as the debt of the Parent in connection with corporate income tax.

- Suppliers, related companies reflects the debt pending payment for the fees invoiced by other Group companies at each year end.

The breakdown of transactions carried out with related parties during 2019 and 2018 is as follows:

	12.31.2019		12.31.2018	
	Parent company	Other related parties	Parent company	Other related parties
Expenses	**(121,837)**	**(234,059)**	**-**	**(250,787)**
Leases	(121,837)	(114,059)	-	(130,787)
Services received	-	(120,000)	-	(120,000)

The transactions with related parties carried out in 2019 and 2018 are part of the Group's ordinary business and were generally performed on an arm's length basis:

- Rental of the Rafael Botí 2 offices by Nagara Nur, S.L. for 114,050 euros and 130,787 euros in 2019 and 2018, respectively.

- Rental of Rafael Botí 26 offices by Daruan Group Holding, S.L.U. for EUR 121,837 in 2019 (EUR 0 in 2018).

- Management fees invoiced by Daruan Venture Capital amounting to 120,000 euros in 2019 and 2018.

24.2 Disclosures relating to the Board of Directors and Senior Management

During ended 2019 and FY 2018, the directors of the Parent were not granted any advances or credit, nor did the Parent assume any obligations on their behalf by way of guarantees extended. Likewise, the Parent has no pension or life insurance commitments for any of its current or former directors.

The directors and senior management received remuneration as per the following breakdown:

	2019		2018	
Item	**Board of Directors**	**Senior managers**	**Board of Directors**	**Senior managers**
Fixed remuneration	202,286	457,645	198,000	90,000
Compensation in kind	7,401	707,189	-	4,168
Total	**209,687**	**1,164,834**	**198,000**	**94,168**

The detail of the remuneration to the Board of Directors by each of the directors for the years 2019 and 2018 is as follows:

		2019		2018	
Name	**Position**	**Fixed remuneration**	**Compensation in kind**	**Fixed remuneration**	**Compensation in kind**
D. David Ruiz de Andres	President/ CEO	120,000	7,401	120,000	-
D. Florentino Vivancos Gasset	Board member	31,736	-	30,000	-
Dna. Ana Peralta Moreno	Vocal	30,000	-	30,000	-
D. Nicolas Bergareche Mendoza	Vocal	18,000	-	18,000	-
Dila. Maria del Rocio Hortigüela Esturillo	Vocal	2,550	-		-
TOTAL		**202,286**	**7,401**	**198,000**	**-**

As indicated in Note 4.17, the incentive plan approved for the directors, executives, employees, and key collaborators of Grenergy Renovables, S.A. was exclusively offered to the executives and key personnel of the Parent; no directors or top executives participate.

The Parent’s directors are covered by a civil liability policy paid for by the Company, and have paid premiums in this regard during 2019 and 2018 in the amount of 19 and 3 thousand euros, respectively.

24.3 Other disclosures relating to the directors

At the date of preparation of these consolidated financial statements, none of the Parent's directors had disclosed or informed the Board of Directors of the existence of any direct or indirect conflict of interest with the interests of the Group, either with respect to those members or to the persons referred to in Article 229 of the Spanish Companies Law.

In 2019 and 2018 the directors did not perform any related-party transactions outside the ordinary course of business or under normal market conditions with the Company or with Group companies.

25. Other information

25.1 Risk management policy

The activities of the Group are exposed to various financial risks: market risk (including exchange rate risk), and liquidity risk. The Group's risk management is focused on the uncertainty of financial markets and attempts to minimize the potentially adverse effects on its profitability, using certain financial instruments for this purpose, described further on in the notes.

Market risk

The market in which the Group operates is related to the sector for production and commercialization of renewable energies. It is for this reason that the factors which influence said market positively and negatively can affect the Group's performance.

Market risk in the electricity sector is based on a complex price formation process in each of the countries or markets in which the Grenergy Group performs its business activities.

In general, the price of products offered in the sector of renewable energies contains a regulated component as well as a market component. The first is controlled by the competent authorities of each country or market and can vary whenever said authorities consider it appropriate and necessary, resulting in an obligation for all market agents to adapt to the new circumstances, including the Group companies active in said countries. The cost of energy production would be affected as well as distribution to networks, thereby also affecting the price paid by Grenergy Group clients, either with respect to the negotiation of purchase-sales prices for its projects or price formation in the wholesale market ("merchant") as well as under the Power Purchase Agreements ("PPAs").

As far as the market component is concerned, there is the risk that the competitors of the Grenergy Group, both for renewable energies as well as for conventional energies, may be able to offer lower prices, generating competition in the market which, via pricing, may endanger the stability of the Grenergy Group's client portfolio and could thereby provoke a substantial negative impact on its activities, results, and financial position.

At any rate, as the performance of said sector varies significantly from country to country and continent to continent, three years ago the Group initiated a geographical diversification process, breaking into markets outside Spain (currently the Group is present in Spain, Chile, Mexico, Colombia, Argentina, and Peru), thereby reducing this type of risk even more. At present, all the efforts being made by Grenergy are focused on further developing the projects it owns in these countries.

Product responsibility

The Group designs, develops, executes, and promotes large scale renewable energy projects, certified by TÜV Rheinland; its integrated quality management system (ISO9001) and environmental management system (ISO 14001) systematizes the identification of each project's requirements in terms of quality, safety, and efficiency for each of the phases of said projects.

Client credit risk for Operations and Maintenance (O&M) and Asset Management ("AM") services

With respect to those projects for which the Grenergy Group performs its O&M and AM services, credit risk arises from non-compliance with the recurring payment obligations of the clients party to said contracts, in spite of the fact that these contracts generally foresee quarterly commission payments and payments 30 days subsequent to the issuing of invoices.

The percentage of allowances for insolvencies was zero for 2019.

Exchange rate risk

GRENERGY performs a large part of its economic activities abroad and outside the European market, specifically, in Chile, Peru, Argentina, Mexico, and Colombia. At December 31, 2019 practically all Group revenue was denominated in currencies other than the euro, specifically, the US dollar. Likewise, a large part of the expenses and investments, especially the expenses for the consumables required in the construction activities and investments in development projects, were also obtained in US dollars. Thus, the currency used in the normal course of the Group's corporate activity in LATAM is the local currency or the US dollar.

As a consequence of the fluctuations in the value of local LATAM currencies and the US dollar with respect to the euros (mainly the US dollar) and to the extent that the Group does not at present have any mechanisms or hedging agreements for mitigating exchange rate risks, the Grenergy Group could suffer a negative impact.

Liquidity risk

Liquidity risk refers to the possibility that the Group not be able to meet its financial commitments in the short term. As the Group's business is capital intensive and involves long term debt, it is important for the Group to analyze the cash flows generated by the business so that it can fulfill its debt payment obligations, both financial and commercial.

Liquidity risk arises from the financing needs of the Grenergy Group's activities due to the time lag between requirements and generation of funds. The management of this risk by the Group is based on the rapid rotation of projects which allows the Group to obtain significant cash flows, subsequently reinvesting them in new projects, and the availability of working capital facilities and credit financing with different financial entities for operations abroad.

As the Group has no significant financial commitments in the short term, at the date of authorization of the consolidated financial statements, the cash flows generated in the short term by the Group are sufficient to meet the maturities of financial and commercial debt in the short term. Liquidity risk refers to the possibility that the Group may not be able to meet its financial commitments in the short term.

However, the future cash flows which the Group will generate in the short term may not prove sufficient to meet its debt commitments in the short term, which could provoke a substantial negative impact on its activities, results, and financial position.

Interest-rate risk

The changes in variable interest rates (e.g. EURIBOR) alter the future flows of assets and liabilities referenced to such rates, especially short and long-term financial debt. The objective of the Grenergy Group's interest rate risk management policy is to achieve a balanced structure of financial debt with a view to reducing the financial cost of debt to the extent possible.

A significant portion of financial debt of the Issuer (e.g. loans and working capital facilities) accrues interest at fixed rates, and as far as structured financing is concerned, such as the "Project Finance" of the Argentinian and Peruvian subsidiaries, the financing contracts are referenced at fixed interest rates or, when referenced to variable rates, allow the Special Purpose Vehicle ("SPV") to substitute the variable rates for fixed rates at each payment request.

However, if future financing is referenced to variable rates or fixed rates increase as a consequence of variable reference rates increasing (EURIBOR or LIBOR), this could provoke a negative impact for the Grenergy Group.

Environmental risks

Amongst the commitments acquired in connection with Environmental certification, objectives for continual improvements were set with respect to the environment and the environmental externalities were identified, such as contamination of the atmosphere or water, dangerous waste, and sound or landscape pollution, all considered relatively insignificant.

Thus, in view of its activities and considering the periodic studies carried out on these externalities, the Group does not have any environmental responsibilities, expenses, assets, provisions or contingencies that might be material with respect to its consolidated equity, consolidated financial position, or consolidated results.

25.2 Guarantee commitments to third parties

In 2019, the Group provided guarantees to third parties in the amount of 45,286,171 euros (2018: 19,016,949 euros), which were chiefly arranged for presentation in public renewable energy tenders.

Since the above-mentioned guarantees are provided basically to ensure compliance with contractual obligations or investment commitments, the events that would lead to their execution, and therefore the cash disbursement, would be failures by Grenergy to meet its obligations in relation to the ordinary course of its business, which is considered to have a remote probability of occurrence. Grenergy estimates that unforeseen liabilities at 31 December 2019, if any, which might arise from the guarantees provided, would not be material.

25.3 Fees of auditors and related entities

The fees accrued for professional services provided by Ernst & Young S.L. in fiscal year 2019 and MAZARS Auditores, S.L.P. In the 2018 fiscal year they are detailed below:

	2019		**2018**	
Categories	**Services provided by the auditor and related companies**	**Services provided by other auditors of the Group**	**Services provided by the auditor and related companies**	**Services provided by other auditors of the Group**
Audit services (1)	*99,250*	*51,150*	*50,800*	*50,708*
Other verification services (2)	*32,000*	*1,800*	-	-
Total audit and related services	***131,750***	***52,950***	***50,800***	***50,708***
Tax services	-	-	-	-
Total other professional services	**-**	**-**	**-**	**-**
Total professional services	***131,750***	***52,950***	***50,800***	***50,708***

(1) Audit services: This heading includes services rendered for the performance of statutory audits of the Group's annual financial statements and the limited review work performed with respect to the interim consolidated financial statements.

(2) Other audit-related assurance services: Mainly corresponds to the Comfort letter review necessary for issuing green bonds.

26. Segmented information

The activity of the Group consists in the promotion and commercialization of renewable energy installations as well as the production of electric energy and any other complementary activities, together with the management and operation of such renewable energy installations.

The Group analyzes its operating segments based on reviewed internal reports relating to the companies comprising the Group which are regularly reviewed, discussed, and evaluated in the decision-making process, in order to use its resources accordingly while also assessing their performance. The Group classifies its different business activities under the following operational divisions:

- <u>Development and Construction</u>: This division's activities involve the search for feasible projects, in both financial as well as technical terms, the necessary work for reaching all the milestones for initiating construction, and preparatory work on the land for the construction and starting up of each project.

- <u>Energy</u>: This division deals with revenue obtained from the sale of energy in each of the markets in which the Group has or will have its own operational projects as Independent Power Producer ("IPP”).

- <u>Services:</u> services provided to projects are included once the commissioning date (“COD”) has been reached and, therefore, they are in their operational phase. It includes the activities of asset management and O&M, provided both to own projects in their IPP status, and to third-party projects.

The distribution of income and EBITDA between the three business divisions at the end of the 2019 and 2018 is as follows:

	Thousands of euros	
Income	**2019**	**2018**
Development and Construction	83,171	43,268
Energy	-	2,022
Services	1,358	1,010
Total income	**84,529**	**46,300**

	Thousands of euros	
EBITDA	**2019**	**2018**
Development and Construction	22,962	19,836
Energy	-	1,454
Services	101	213
Corporate	(4,592)	(3,039)
Total	**18,471**	**18,464**

The amount of income shown in the above table includes the following headings in the accompanying consolidated income statement: "Revenue;" "Work performed by the entity and capitalized;" "Gains (losses) on disposals;" and "Gains (losses) due to loss of control over consolidated interests." The amount of income on the above table reflects 12,240 thousand euros during 2019, and 8,191 thousand euros during 2018, which are unrealized income with regard to third parties.

The amount shown above for EBITDA includes "Operating profit" less "Depreciation and amortization" and "Impairment losses" on the accompanying consolidated income statement.

The "Development and construction" segment EBITDA for 2019 includes the negative consolidation difference generated by the business combination mentioned in Note 5, in the amount of 10,981 thousand euros.

The total amount of income at the end of the 2019 and 2018 detailed by its geographical location is the following:

	12.31.2019	**12.31.2018**
Chile	84,292	46,068
Spain	237	232
Total (thousands of euros)	**84,529**	**46,300**

The Group's assets and liabilities at December 31, 2019 and December 31, 2018 are shown below by geographical location:

Year ended December 31, 2019

ASSETS	Spain	Chile	Mexico	Peru	Colombia	Argentina	Total 12.31.2019
NON-CURRENT ASSETS	**3,721,756**	**31,646,498**	**64,125**	**17,461,689**	**151,206**	**34,998,867**	**88,044,141**
Intangible assets	70,720	5,709,366	-	-	-	3,665,821	9,445,907
Property, plant, and equipment	2,198,049	21,090,423	60,863	15,774,842	119,242	31,103,440	70,346,859
Right-of-use assets	458,951	2,321,693	-	1,682,363	-	101,427	4,564,434
Financial investments	150,037	30,042	3,262	4,484	-	1,166	188,991
Deferred tax assets	843,999	2,494,974	-	-	31,964	127,013	3,497,950
CURRENT ASSETS	**27,886,284**	**26,485,607**	**202,692**	**6,335,683**	**113,171**	**8,559,432**	**69,582,869**
Inventories	872,111	7,964,972	-	4,403	-	9,630	8,851,116
Trade and other receivables	2,437,578	12,079,936	183,322	6,073,352	36,050	3,952,384	24,762,622
Investments in related companies	40,512	-	-	-	-	-	40,512
Financial investments	6,857,767	15,295	-	-	-	-	6,873,062
Accruals	222,595	25,526	-	-	34,349	-	282,470
Cash and cash equivalents	17,455,721	6,399,878	19,370	257,928	42,772	4,597,418	28,773,087
TOTAL ASSETS	**31,608,040**	**58,132,105**	**266,817**	**23,797,372**	**264,377**	**43,558,299**	**157,627,010**

EQUITY AND LIABILITIES	Spain	Chile	Mexico	Peru	Colombia	Argentina	Total 12.31.2019
EQUITY	**42,540,368**	**(255,414)**	**(2,278,583)**	**(530,729)**	**(100,560)**	**(2,277,607)**	**37,097,475**
Capital and reserves	42,704,129	1,104,681	(2,317,986)	(802,966)	(128,326)	(2,381,325)	38,178,207
Share capital	8,507,177	-	-	-	-	-	8,507,177
Share premium	6,117,703	-	-	-	-	-	6,117,703
Legal reserve	728,631	-	-	-	-	-	728,631
Other reserves	18,276,644	(824,604)	(2,074,362)	(531,703)	(145,292)	15,555	14,716,238
Profit (loss)	12,402,471	1,929,285	(243,624)	(271,263)	16,966	(2,396,880)	11,436,955
Treasury shares	(3,328,497)	-	-	-	-	-	(3,328,497)
Unrealized gains (losses) reserve	-	(1,360,309)	77,144	221,055	27,766	103,718	(930,626)
Minority interests	(163,761)	214	(37,741)	51,182	-	-	(150,106)
NON-CURRENT LIABILITIES	**22,858,655**	**14,399,362**	**-**	**9,534,279**	**-**	**26,645,322**	**73,437,618**
Provisions	-	-	-	-	-	2,748,384	2,748,384
Borrowings	22,858,655	11,865,705	-	9,534,279	-	22,980,483	67,239,122
Deferred tax liabilities	-	2,533,657	-	-	-	916,455	3,450,112
CURRENT LIABILITIES	**31,712,781**	**9,400,153**	**242,766**	**3,468,200**	**18,332**	**2,249,685**	**47,091,917**
Provisions	-	828,909	-	-	-	-	828,909
Borrowings	7,018,189	970,423	-	132,214	-	1,521,378	9,642,204
Trade and other payables	24,694,592	7,600,821	242,766	3,335,986	18,332	728,307	36,620,804
TOTAL EQUITY AND LIABILITIES	**97,111,804**	**23,544,101**	**(2,035,817)**	**12,471,750**	**(82,228)**	**26,617,400**	**157,627,010**

Year ended December 31, 2018

ASSETS	Spain	Chile	Mexico	Peru	Colombia	Argentina	Total 12.31.2018
NON-CURRENT ASSETS	**2,533,001**	**424,934**	**64,649**	**1,423,216**	**6,194**	**14,263,494**	**18,715,488**
Intangible assets	3,093	-	-	-	-	2,694,325	2,697,418
Property, plant, and equipment	1,620,795	345,098	61,572	1,420,847	6,194	11,320,119	14,774,624
Right-of-use assets	182,641	-	-	-	-	-	182,641
Investments in group companies and associates	11,474	-	-	-	-	-	11,474
Financial investments	50,010	36,533	3,077	2,369	-	748	92,737
Deferred tax assets	664,989	43,303	-	-	-	248,302	956,594
CURRENT ASSETS	**21,655,692**	**18,956,164**	**150,480**	**333,031**	**35,219**	**725,605**	**41,856,191**
Inventories	1,116,306	10,494,324	-	9,092	-	4,974	11,624,696
Trade and other receivables	12,079,613	1,734,606	169,620	277,707	9,870	324,659	14,596,075
Investments in related companies	94,006	-	(48,177)	-	-	-	45,830
Financial investments	-	2,274,570	11,844	-	-	73,889	2,360,303
Accruals	69,289	-	-	-	-	40,957	110,246
Cash and cash equivalents	8,296,478	4,452,664	17,193	46,232	25,348	281,125	13,119,041
TOTAL ASSETS	**24,188,693**	**19,381,098**	**215,129**	**1,756,247**	**41,412**	**14,989,100**	**60,571,679**

EQUITY AND LIABILITIES	Spain	Chile	Mexico	Peru	Colombia	Argentina	Total 12.31.2018
EQUITY	**30,307,107**	**(2,082,002)**	**(2,027,427)**	**(729,853)**	**(135,504)**	**(21,642)**	**25,310,682**
Capital and reserves	30,468,438	(1,907,542)	(2,126,787)	(504,689)	(145,292)	15,555	25,799,687
Share capital	3,645,933	-	-	-	-	-	3,645,933
Share premium	6,117,703	-	-	-	-	-	6,117,703
Legal reserve	728,631	-	-	-	-	-	728,631
Other reserves	12,544,835	(3,330,911)	(1,114,456)	(355,425)	(89,488)	(10,125)	7,644,428
Profit (loss)	9,494,306	1,423,369	(1,012,330)	(149,263)	(55,804)	25,680	9,725,962
Treasury shares	(2,062,970)	-	-	-	-	-	(2,062,970)
Unrealized gains (losses) reserve	-	(153,468)	137,978	(217,416)	9,788	(37,197)	(260,315)
Minority interests	(161,331)	(20,992)	(38,618)	(7,748)	-	-	(228,690)
NON-CURRENT LIABILITIES	**3,384,054**	**-**	**-**	**-**	**-**	**6,350,782**	**9,734,836**
Provisions	-	-	-	-	-	-	-
Borrowings	3,384,054	-	-	-	-	6,350,782	9,734,836
Deferred tax liabilities	-	-	-	-	-	-	-
CURRENT LIABILITIES	**18,754,616**	**6,234,200**	**257,895**	**242,477**	**783**	**36,189**	**25,526,161**
Provisions	-	19,669	44,481	-	-	-	64,150
Borrowings	7,330,185	3,400	-	-	-	-	7,333,585
Payables to related companies	332,879	-	890	-	-	-	333,769
Trade and other payables	11,091,552	6,179,755	212,525	242,477	783	36,189	17,763,282
Accruals	-	31,376	-	-	-	-	31,376
TOTAL EQUITY AND LIABILITIES	**52,445,777**	**4,152,198**	**(1,769,532)**	**(487,377)**	**(134,721)**	**6,365,329**	**60,571,679**

27. Subsequent events

No subsequent events have been produced from the closing date of the financial statements till the formulation of the financial statements that could modify the content thereof.

28. Explanation to the translation to English

These consolidated financial statements are prepared on the basis of IFRSs, as issued by the International Accounting Standard Board and as adopted by the European Union, and certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

ANNEX

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

Participations in Group companies and Associates at December 31, 2019

			% capital - voting rights			Balance at 12.31.2019			(Euros)							
											Other	Profit or loss			
Name	Domicile	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Capital	Reserves	equity accounts	Operating	Continuing operations	Continued operations	Total Equity
GREENHOUSE SOLAR FIELDS, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,006	-	3,006	3,006	(576)	-	(150)	(113)	-	2,317
GREENHOUSE SOLAR ENERGY, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,006	-	3,006	3,006	(414)	-	(150)	(113)	-	2,479
GREENHOUSE RENEWABLE ENERGY, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,006	-	3,006	3,006	(299)	-	(150)	(113)	-	2,594
GUIA DE ISORA SOLAR 2, S.L.	Spain	Production of renewable electric energy	100%	-	100%	1,565	-	1,565	3,100	(6,592)	-	(395)	(296)	-	(3,788)
GR SOLAR 2020, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(1,901)	-	(4)	(3)	-	1,096
GR SUN SPAIN, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(2,505)	-	-	-	-	495
GR EQUITY WIND AND SOLAR, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	273,911	-	(154)	13,219	-	290,130
LEVEL FOTOVOLTAICA S.L.	Spain	Production of renewable electric energy (Inactive)	50%	-	50%	1,504	-	1,504	3,008	(322,662)	-	(4,860)	(4,893)	-	(324,547)
GR BAÑUELA RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(617)	-	-	-	-	2,383
GR TURBON RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(611)	-	-	-	-	2,389
GR AITANA RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(593)	-	-	-	-	2,407
GR ASPE RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(620)	-	-	-	-	2,380
VIATRES RENEWABLE ENERGY, S.L.	Spain	Production of renewable electric energy (Inactive)	40%	-	40%	1,200	-	1,200	3,000	-	-	-	-	-	3,000
EIDEN RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(349)	-	-	-	-	2,651
CHAMBO RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(349)	-	-	-	-	2,651
MAMBAR RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(348)	-	-	-	-	2,652
EL AGUILA RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(289)	-	-	-	-	2,711
EUGABA RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(368)	-	389	292	-	2,924
TAKE RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(391)	-	414	311	-	2,920
NEGUA RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	575	-	(533)	(399)	-	3,176

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GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

Participations in Group companies and Associates at December 31, 2019

			% capital - voting rights			Balance at 12.31.2019			(Euros)							
											Other	Profit or loss				
Name	Domicile	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Capital	Reserves	equity accounts	Operating	Continuing operations	Continued operations	Total Equity	
GR SISON RENOVABLES, S.L.U.	Spain	Production of renewable electric energy (Inactive)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-	
GR PORRON RENOVABLES, S.L.U.	Spain	Production of renewable electric energy (Inactive)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-	
GR BISBITA RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-	
GR AVUTARDA RENOVABLES, S.L.U.	Spain	Production of renewable electric energy (Inactive)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-	
GR COLIMBO RENOVABLES, S.L.U.	Spain	Production of renewable electric energy (Inactive)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-	
GR MANDARIN RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-	
GR DANICO RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-	
GR CHARRAN RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-	
GR CERCETA RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-	
GR CALAMON RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-	
GR CORMORAN RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-	
GR GARCILLA RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-	
GR LAUNICO RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-	
GR MALVASIA RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-	
GR MARTINETA RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-	
GR FAISAN RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-	
GRENERGY PACIFIC LTDA	Chile	Promotion and construction of renewable energy plants.	99.9%	-	99.9%	43,150	-	43,150	35,732	1,289,309	(141,875)	517,350	69,501	-	1,252,667	(*)
GR PEUMO, S.P.A.	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,408 (1,408)	-	-	-	-	-	-	-	-	-	
GR QUEULE, S.P.A.	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,408 (1,408)	-	-	-	-	-	-	-	-	-	
GR MAITEN, S.P.A.	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,408 (1,408)	-	-	-	-	-	-	-	-	-	

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GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

Participations in Group companies and Associates at December 31, 2019

									(Euros)						
			% capital - voting rights			Balance at 12.31.2019						Profit or loss			
Name	Domicile	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Capital	Reserves	Other equity accounts	Operating	Continuing operations	Continued operations	Total Equity
GR ALGARROBO S.P.A	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,303 (1,303)	-	-	-	-	-	-	-	-	-
GR PACIFIC CHILOE SPA	Chile	Production of renewable electric energy (Inactive)	-	98%	98.0%	917 (917)	-	-	-	-	-	-	-	-	-
GR PACIFIC OVALLE, SPA	Chile	Production of renewable electric energy (Inactive)	-	98%	98.0%	1,357 (1,357)	-	-	970,530	(962,949)	-	168	(20)	-	7,561
GR PIMIENTO, SPA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR CHAÑAR, SPA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR CARZA, SPA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR PILO, SPA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR LÚCUMO, SPA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR PITAO, SPA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR LLEUQUE, SPA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR NOTRO, SPA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR LENGA, SPA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR TEPÚ, SPA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR LUMILLA, SPA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR TOROMIRO, SPA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR PACAMA,S PA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR TEMO, SPA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR RULI, SPA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR POLPAICO PACIFIC, SPA	Chile	Production of renewable electric energy (Inactive)	-	98%	98.0%	1,314 (1,314)	-	-	-	-	-	-	-	-	-
GR Roble SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-

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GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

Participations in Group companies and Associates at December 31, 2019

			% capital - voting rights			Balance at 12.31.2019			(Euros)						
												Profit or loss			
Name	Domicile	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Capital	Reserves	Other equity accounts	Operating	Continuing operations	Continued operations	Total Equity
GR Guindo SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,441 (1,441)	-	-	1,191	(119)	-	(21,366)	(21,366)	-	(20,294)
GR Raulí SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Manzano SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Naranjillo SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Mañio SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Tara SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Ciprés SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Ulmo SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Hualo SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Sauce SpA	Chile	Production of renewable electric energy	100%	-	100.0%	1,441 (1,441)	-	-	1,191	(358)	-	2,207	(12,804)	-	(11,971)
GR Huacano SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-
GR Corcolén SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-
GR Luma SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-
GR Fuinque SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-
GR Piñol SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-
GR Queñoa SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-
GR Tayú Spa	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-
GR Petra SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-
GR Corontillo SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-
GR Liun SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-

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GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

Participations in Group companies and Associates at December 31, 2019

			% capital - voting rights			Balance at 12.31.2019			(Euros)							
											Other	Profit or loss				
Name	Domicile	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Capital	Reserves	equity accounts	Operating	Continuing operations	Continued operations	Total Equity	
GR Kewiña SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
GR Frangel SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
GR Maqui SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
GR Petrillo SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
GR Tepa SpA	Chile	Production of renewable electric energy (Inactive)	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
Grenergy OPEX SpA	Chile	Operation and maintenance of renewable energy plants	100%	-	100.0%	1,258	-	1,258	1,191	-	-	102,141	73,471	-	74,662	
Parque Eólico Quillagua SpA	Chile	Operation and maintenance of renewable energy plants	100%	-	100.0%	14,907,246	-	14,907,246	19,343,306	(1,531,547)	(477,733)	79,340	(298,699)	-	17,035,327	
GRENERGY PERU SAC	Peru	Promotion and construction of renewable energy plants.	99%	-	99%	275	-	275	275	(810,720)	-	603,265	639,558	-	(170,887)	
GR JULIACA, S.A.C.	Peru	Production of renewable electric energy (Inactive)	100%	-	100%	255	-	255	255	-	-	-	-	-	255	
GR HUAMBOS, S.A.C.	Peru	Production of renewable electric energy (Inactive)	100%	-	100%	255	-	255	255	-	-	-	-	-	255	
GR APORIC, S.A.C.	Peru	Production of renewable electric energy (Inactive)	100%	-	100%	255	-	255	255	-	-	-	-	-	255	
GR BAYONAR, S.A.C.	Peru	Production of renewable electric energy (Inactive)	100%	-	100%	255	-	255	255	-	-	-	-	-	255	
GR VALE S.A.C.	Peru	Production of renewable electric energy (Inactive)	100%	-	100%	255	-	255	255	-	-	-	-	-	255	
GR CORTARRAMA S.A.C.	Peru	Production of renewable electric energy (Inactive)	100%	-	100%	278 (278)	-	-	-	-	-	-	-	-	-	
GR GUANACO S.A.C.	Peru	Production of renewable electric energy (Inactive)	100%	-	100%	278 (278)	-	-	-	-	-	-	-	-	-	
GR TARUCA S.A.C.	Peru	Production of renewable electric energy	90%	-	90%	2,862,143	-	2,862,143	3,229,815	96,067	-	(34,044)	56,849	-	3,382,731	(*)
GR PAINO S.A.C.	Peru	Production of renewable electric energy	90%	-	90%	2,872,698	-	2,872,698	3,241,615	96,147	-	(27,555)	38,471	-	3,376,233	(*)
GR PAICHE S.A.C.	Peru	Production of renewable electric energy (Inactive)	100%	-	100%	278 (278)	-	-	-	-	-	-	-	-	-	
GR LIBLANCA S.A.C.	Peru	Production of renewable electric energy (Inactive)	100%	-	100%	278 (278)	-	-	-	-	-	-	-	-	-	
GR RENOVABLES MÉXICO	Mexico	Promotion and construction of renewable energy plants.	98%	-	98%	2,843	-	2,843	2,358	(1,505,453)	-	(91,217)	(46,006)	-	(1,549,101)	
GREENHUB S.L. DE C.V.	Mexico	Production of renewable electric energy	20%	80%	100%	17,799	-	17,799	96,684	2,325	-	(30,483)	(30,483)	-	68,526	

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GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

Participations in Group companies and Associates at December 31, 2019

			% capital - voting rights			Balance at 12.31.2019			(Euros)							
											Other	Profit or loss				
Name	Domicile	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Capital	Reserves	equity accounts	Operating	Continuing operations	Continued operations	Total Equity	
FAILO 3 SACV	Mexico	Production of renewable electric energy (Inactive)	-	50%	50%	-	-	-	15,311	(16,361)	-	-	-	-	(1,050)	
ASTILO 1 SOLAR, SACV	Mexico	Production of renewable electric energy (Inactive)	-	99.99%	99.99%	2,790 (2,790)	-	-	2,358	(28,637)	-	-	-	-	(26,279)	
CRISON 2 SOLAR, SACV	Mexico	Production of renewable electric energy (Inactive)	-	99.99%	99.99%	2,790 (2,790)	-	-	2,358	(2,279)	-	-	-	-	79	
MESO 4 SOLAR, SACV	Mexico	Production of renewable electric energy (Inactive)	-	99.99%	99.99%	2,790 (2,790)	-	-	2,358	(25,281)	-	-	-	-	(22,923)	
ORSIPO 5 SOLAR, SACV	Mexico	Production of renewable electric energy	-	99.99%	99.99%	2,790 (2,790)	-	-	2,351	5,950	-	(795)	(27,472)	-	(19,171)	
MIRGACA 6 SOLAR, SACV	Mexico	Production of renewable electric energy (Inactive)	-	99.99%	99.99%	2,790 (2,790)	-	-	2,358	(436)	-	-	-	-	1,922	
GRENERGY COLOMBIA S.A.S.	Colombia	Promotion and construction of renewable energy plants.	100%	-	100%	270,237	-	270,237	261,720	(109,038)	-	(21,559)	16,966	-	169,648	
GRENERGY ATLANTIC, S.A.U.	Argentina	Promotion and construction of renewable energy plants.	100%	-	100%	103,629	-	103,629	101,644	(62,294)	-	(155,654)	(266,344)	-	(226,994)	
KOSTEN S.A.	Argentina	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	8,158,807	-	8,158,807	5,548,811	45,291	-	(299,416)	(2,130,535)	-	3,463,567	(*)

(*) Exchange rate used closing 12.31.2019, except for the result that use the average 2019 fiscal year.

(**) Audited annual accounts

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GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

Participations in Group companies and Associates at December 31, 2018

			% capital - voting rights			Balance at 12.31.2018			(Euros)						
												Profit or loss			
Name	Domicile	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Capital	Reserves	Other equity accounts	Operating	Continuing operations	Continued operations	Total Equity
GREENHOUSE SOLAR FIELDS, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,006	-	3,006	3,006	(414)	-	(217)	(160)	-	2,433
GREENHOUSE SOLAR ENERGY, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,006	-	3,006	3,006	(276)	-	(184)	(138)	-	2,592
GREENHOUSE RENEWABLE ENERGY, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,006	-	3,006	3,006	(137)	-	(217)	(163)	-	2,707
GUIA DE ISORA SOLAR 2, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	1,565	-	1,565	3,100	(6,344)	-	(332)	(249)	-	(3,492)
GR SOLAR 2020, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,000	-	3,000	3,000	(1,136)	-	(1,021)	(766)	-	1,099
GR SUN SPAIN, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,000	-	3,000	3,000	(2,502)	-	(4)	(3)	-	495
GR EQUITY WIND AND SOLAR, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,000	-	3,000	3,000	198,154	-	108,659	117,308	-	318,462
LEVEL FOTOVOLTAICA S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	50%	-	50%	1,504	-	1,504	3,008	(15,288)	-	(307,350)	(307,350)	-	(319,630)
GR BAÑUELA RENOVABLES, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,000	-	3,000	3,000	(617)	-	-	-	-	2,383
GR TURBON RENOVABLES, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,000	-	3,000	3,000	(611)	-	-	-	-	2,389
GR AITANA RENOVABLES, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,000	-	3,000	3,000	(593)	-	-	-	-	2,407
GR ASPE RENOVABLES, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,000	-	3,000	3,000	(620)	-	-	-	-	2,380
VIATRES RENEWABLE ENERGY, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	40%	-	40%	1,200	-	1,200	3,000	-	-	-	-	-	3,000
EIDEN RENOVABLES, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,000	-	3,000	3,000	(289)	-	(60)	(60)	-	2,651
CHAMBO RENOVABLES, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,000	-	3,000	3,000	(289)	-	(60)	(60)	-	2,651
MAMBAR RENOVABLES, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,000	-	3,000	3,000	(289)	-	(60)	(60)	-	2,651
EL AGUILA RENOVABLES, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,000	-	3,000	3,000	(289)	-	-	-	-	2,711
EUGABA RENOVABLES, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,000	-	3,000	3,000		-	-	-	-	3,000
TAKE RENOVABLES, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,000	-	3,000	3,000		-	-	-	-	3,000
NEGUA RENOVABLES, S.L.	Spain	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	3,000	-	3,000	3,000		-	-	-	-	3,000

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GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

Participations in Group companies and Associates at December 31, 2018

			% capital - voting rights			Balance at 12.31.2018			(Euros)							
											Other	Profit or loss				
Name	Domicile	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Capital	Reserves	equity accounts	Operating	Continuing operations	Continued operations	Total Equity	
GRENERGY PACIFIC LTDA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	99.9%	-	99.9%	43,150	-	43,150	43,155	1,289,309	(141,875)	517,350	69,501	-	1,260,090	(**)
GR PEUMO, S.P.A.	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,408 (1,408)	-	-	-	-	-	-	-	-	-	
GR QUEULE, S.P.A.	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,408 (1,408)	-	-	-	-	-	-	-	-	-	
GR MAITEN, S.P.A.	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,408 (1,408)	-	-	-	-	-	-	-	-	-	
GR ALGARROBO S.P.A	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,303 (1,303)	-	-	-	-	-	-	-	-	-	
GR MOLLE, S.P.A.	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,303 (1,303)	-	-	-	-	746	(21,060)	(21,060)	-	(20,314)	
GR TAMARUGO, S.P.A.	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,303 (1,303)	-	-	-	-	-	-	-	-	-	
GR PACIFIC CHILOE SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	-	98%	98.0%	917 (917)	-	-	-	-	-	-	-	-	-	
GR PACIFIC OVALLE, SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	-	98%	98.0%	1,357 (1,357)	-	-	-	1,049,268	(39,380)	(1,001,915)	(1,001,879)	-	8,009	
GR PIMIENTO, SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-	
GR CHAÑAR, SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-	
GR CARZA, SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-	
GR PILO, SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-	
GR LÚCUMO, SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-	
GR PITAO, SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-	
GR LLEUQUE, SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-	
GR NOTRO, SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-	
GR LENGA, SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-	
GR TEPÚ, SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-	
GR LUMILLA, SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-	

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GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

Participations in Group companies and Associates at December 31, 2018

			% capital - voting rights			Balance at 12.31.2018			(Euros)						
												Profit or loss			
Name	Domicile	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Capital	Reserves	Other equity accounts	Operating	Continuing operations	Continued operations	Total Equity
GR TOROMIRO, SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR PACAMA,S PA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR TEMO, SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR RULI, SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR POLPAICO PACIFIC, SPA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	-	98%	98.0%	1,314 (1,314)	-	-	-	-	-	-	-	-	-
GR Roble SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Guindo SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Raulí SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Manzano SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Naranjillo SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Mañio SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Tara SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Ciprés SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Ulmo SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Hualo SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Belloto SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,441 (1,441)	-	-	-	-	1,203	(25,209)	(25,209)	-	(24,007)
GR Sauce SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,441 (1,441)	-	-	-	-	-	-	-	-	-
GR Huacano SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-
GR Corcolén SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-
GR Luma SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-

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GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

Participations in Group companies and Associates at December 31, 2018

			% capital - voting rights			Balance at 12.31.2018			(Euros)							
											Other	Profit or loss				
Name	Domicile	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Capital	Reserves	equity accounts	Operating	Continuing operations	Continued operations	Total Equity	
GR Fuinque SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
GR Piñol SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
GR Queñoa SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
GR Tayú Spa	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
GR Petra SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
GR Corontillo SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
GR Liun SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
GR Kewiña SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
GR Frangel SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
GR Maqui SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
GR Petrillo SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
GR Tepa SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
Grenergy OPEX SpA	Chile	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-	
GRENERGY PERU SAC	Peru	Production of renewable electric energy; promotion and construction of renewable energy plants.	99%	-	99%	275	-	275	278	(537,292)	13,249	(220,196)	(239,935)	-	(763,700)	(**)
GR JULIACA, S.A.C.	Peru	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	255	-	255	255	-	-	-	-	-	255	
GR HUAMBOS, S.A.C.	Peru	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	255	-	255	255	-	-	-	-	-	255	
GR APORIC, S.A.C.	Peru	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	255	-	255	255	-	-	-	-	-	255	
GR BAYONAR, S.A.C.	Peru	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	255	-	255	255	-	-	-	-	-	255	
GR VALE S.A.C.	Peru	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	255	-	255	255	-	-	-	-	-	255	
GR CORTARRAMA S.A.C.	Peru	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	278 (278)	-	-	-	-	-	-	-	-	-	

ANNEX

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

Participations in Group companies and Associates at December 31, 2018

Name	Domicile	Activity	% capital - voting rights: Direct	Indirect	Total	Balance at 12.31.2018: Cost	Impairment	Carrying amount	(Euros) Capital	Reserves	Other equity accounts	Profit or loss: Operating	Continuing operations	Continued operations	Total Equity
GR GUANACO S.A.C.	Peru	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	278 (278)	-	-	-	-	-	-	-	-	-
GR TARUCA S.A.C.	Peru	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	1,597,955	-	1,597,955	1,597,955	90,815	(112,305)	(5,224)	43,937	-	1,620,402
GR PAINO S.A.C.	Peru	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	1,597,955	-	1,597,955	1,597,955	91,052	(112,701)	(5,215)	44,335	-	1,620,640
GR PAICHE S.A.C.	Peru	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	278 (278)	-	-	-	-	-	-	-	-	-
GR LIBLANCA S.A.C.	Peru	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	278 (278)	-	-	-	-	-	-	-	-	-
GR RENOVABLES MÉXICO	Mexico	Production of renewable electric energy; promotion and construction of renewable energy plants.	98%	-	98%	2,843	-	2,843	2,901	(1,135,566)	138,658	(414,553)	(423,603)	-	(1,417,610)
GREENHUB S.L. DE C.V.	Mexico	Production of renewable electric energy; promotion and construction of renewable energy plants.	20%	80%	100%	88,994	-	88,994	88,994	-	(48)	(658)	(2,177)	-	86,768
FAILO 3 SACV	Mexico	Production of renewable electric energy; promotion and construction of renewable energy plants.	-	50%	50%	1,977	-	1,977	1,977	(1,226)	1,268	(15,225)	(15,225)	-	(13,206)
ASTILO 1 SOLAR, SACV	Mexico	Production of renewable electric energy; promotion and construction of renewable energy plants.	-	99.99%	99.99%	2,790 (2,790)	-	-	-	-	176	(27,185)	(27,185)	-	(27,009)
CRISON 2 SOLAR, SACV	Mexico	Production of renewable electric energy; promotion and construction of renewable energy plants.	-	99.99%	99.99%	2,790 (2,790)	-	-	-	-	269	(2,418)	(2,418)	-	(2,150)
MESO 4 SOLAR, SACV	Mexico	Production of renewable electric energy; promotion and construction of renewable energy plants.	-	99.99%	99.99%	2,790 (2,790)	-	-	-	-	26	(23,870)	(23,870)	-	(23,844)
ORSIPO 5 SOLAR, SACV	Mexico	Production of renewable electric energy; promotion and construction of renewable energy plants.	-	99.99%	99.99%	2,790 (2,790)	-	-	-	-	40	5,921	5,572	-	5,612
MIRGACA 6 SOLAR, SACV	Mexico	Production of renewable electric energy; promotion and construction of renewable energy plants.	-	99.99%	99.99%	2,790 (2,790)	-	-	-	-	(3)	(409)	(409)	-	(412)
GRENERGY COLOMBIA S.A.S.	Colombia	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	12,168	-	12,168	12,168	-	(6,277)	(46,851)	(55,804)	-	(49,913)
GRENERGY ATLANTICS, S.A.U.	Argentina	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	6,486	-	6,486	6,486	(3,616)	15,153	(68,060)	(97,142)	-	(79,120)
KOSTEN S.A.	Argentina	Production of renewable electric energy; promotion and construction of renewable energy plants.	100%	-	100%	8,158,807	-	8,158,807	5,299,830	(14,182)	126,485	(101,035)	122,822		5,534,955

(*) Exchange rate used closing 12.31.2019, except for the result that use the average 2019 fiscal year.

(**) Audited annual accounts

(***) Audit of financial statements 12.31.2018 carried out by Mazars Mexico.

GRENERGY RENOVABLES S.A.
Subsidiaries

Management Report
for 2019

1. The Group's financial activity

1.1 Nature of Group operations and key activities

Grenergy is a Spanish company which produces energy independently through the development, financial structuring, building, operation and maintenance of large-scale renewable energy plants.

Dating back to its creation in 2007, the Group has undergone a rapid growth and evolution in planning, designing, developing, building, and implementing project finance structures. It has been present in Spain and the Latam regions since 2012, where it currently has offices in Chile, Peru, Colombia, Argentina, and Mexico. The most recent presentation of half-year results reflected the Group's overall pipeline, which includes photovoltaic energy installations and solar plants in different stages of development within its pipeline over 4 GW.

Its business model encompasses all project phases, from development to construction and the financial structuring process, to plant operation and maintenance. The Company considers the sale to third parties of non-strategic parks as recurring, combining recurring income from its parks in operation as well as income from O&M and AM services for plants sold to third parties.

Grenergy performs its activities in each of the phases comprising the value chain of a renewable energy project, prioritizing greenfield projects: those starting at square one, or in existence yet requiring a full overhaul, vs. brownfield projects, which require certain occasional modifications, increases, or repowering.

The source of this income is technologically diversified, encompassing project developments in wind and photovoltaic energy, in order to attain a fully-renewable matrix at highly-competitive rates vs. conventional energy sources. This backdrop is further favored by an emerging market for PPAs (bilateral energy purchase-sale agreements), as well as the marked political end of fossil fuels, and plans to shut down nuclear and carbon plants within 10 years.

The Parent has been listed on the continuous market since December 16, 2019, with capitalization at year end totaling 366 million euros.

1.2 Pipeline phases

According to degree of maturity, the Group classifies its projects into the following phases:

- Initial or early stage development (<50%): projects which are technically and financially feasible based on the following circumstances: (i) there is land potential; (ii) access to the electricity grid is considered operationally viable; and/or (iii) it is potentially interesting for sale to third parties.

- Advanced development (>50%): projects in advanced technical and financial stages, since: (i) the land is ensured, or there is at least more than a 50% probability of its obtainment; (ii) the appropriate requests to connect to the grid have been filed, with a 90% or higher likelihood of doing so; and (iii) environmental permits have been requested.

- In Backlog (>80%): projects in the final phase prior to construction, in which: (i) land and access to the grid are assured; (ii) the likelihood of obtaining environmental permits is over 90%; and (iii) there are PPAs or framework agreements with energy buyers or a bank are about to be signed, or there is a stabilized bankable price structure.

- Under construction (100%): EPC projects in which the engineering, construction, and procurement order has been given to break ground under the corresponding contract.

- In operation: projects for which acceptance certificates were signed by the entity/owner of the project in question, for which responsibility over the asset has been transferred from the entity performing the EPC construction tasks to the Group's operations team.

The corresponding administrative authorizations may be obtained during any stage of the pipeline, including during the construction phase.

During 2019, the group had over 4GW in different stages of development.

1.3 Operating divisions

The Grenergy Group classifies its different business activities under the following operational divisions:

- **Development and Construction:** this division's activities involve the search for feasible projects, in both financial as well as technical terms, the necessary work for reaching all the milestones for initiating construction, and preparatory work on the land for the construction and starting up of each project.

- **Energy:** this division deals with revenue obtained from the sale of energy in each of the markets in which the Group has or will have its own operational projects as Independent Power Producer ("IPP").

- **Services:** this division includes the services rendered for projects once they have been started up or from the COD under the corresponding EPC Contract, thus relating to projects which are in the operational phase. Encompasses asset management and O&M activities provided for internal IPP projects, as well as those for third parties.

2. 2019 Business Performance

- The 2019 consolidated income statement presented revenue figures representing the best results for GRENERGY thus far. Its 18.5 million euro EBITDA and 11.4 million euro net profit reflect the push during recent years in developing and executing Latam projects in portfolio, especially in Chile; these efforts have translated into relevant positive results for the Group, establishing the bases for building the pipeline in Latin America and Spain, as foreseen.

- Total income and EBIDTA amounted to 84,529,879 and 20,661,463 euros, respectively; below is their breakdown by operating division:

	Thousands of euros	
Income	**2019**	**2018**
Development and Construction	83,171	43,268
Energy	-	2,022
Services	1,358	1,010
Total income (*)	**84,529**	**46,300**

(*) Alternative performance measures (MAR) See Appendix I.

	Thousands of euros	
EBITDA	**2019**	**2018**
Development and Construction	22,962	19,836
Energy	-	1,454
Services	101	213
Corporate	(4,592)	(3,039)
Total	**18,471**	**18,464**

(*) Alternative performance measures (MAR) See Appendix I.

Development and Construction: the rise in income and EBIDTA margin was the result of a greater number of parks under construction, offset by an increased number of parks sold during 2019 vs. the previous year (2019: 193 MW under construction and 5 sold, vs. 57 MW in construction and 9 sold in 2018).

Energy: The Company did not have any employees with disabilities in 2019.

Services: the rise of income corresponds to a greater number of parks in operation in 2019 as compared to 2018 (105 MW vs. 82).

Corporate: corresponds to general expenses. The main EBIDTA variations were due to an increase in the Group's activity and size.

- Amortization/depreciation charges totaling 661 thousand euros dropped 25% vs. 2018 as a result of the sale and derecognition of items of PP&E from sold-off parks in 2019.

- Net finance revenue totaled 3.4 million euros. “Finance cost” encompasses two large figures:

  - Interest on debt associated to the projects: 1.1 million euros in expenses.

- o Negative exchange differences in 2019 mainly correspond to the pronounced depreciation of the Argentinian peso with respect to the US dollar. This nearly 50% drop made it necessary to adjust the value of VAT refunds in pesos to the prevailing exchange rate at year end, thanks to the establishment of exchange rate provisions, which resulted a negative amount of 2.3 million euros.

- After/tax profits for the Group totaled 11.4 million euros.

- The 2019 consolidated financial situation reflects changes reflecting the Group's growth, with the key areas bolstered. Especially positive aspects are:

  - o A 376% increase in "Property, plant, and equipment" to 70.3 million euros was thanks to the construction of the Group's parks planned for operation.

  - o "Equity" grew 47%, reaching 37.1 million euros.

  - o The 22.5 million euro rise in "Working capital" represented 38% over the previous year; this has permitted the Group to easily meet its short-term payment obligations, continue developing its activities, while ensuring its stability, as well as a decrease in its non-current borrowings.

  - o Net debt of borrowings associated to new projects under construction spiked, and debt associated to corporate bond-issues amounted to 22 million euros:

Net debt	**12/31/2019**	**12/31/2018**
Long-term financial debt (*)	26,097,393	3,117,519
Short-term financial debt (*)	4,841,280	6,089,510
Other long-term financial liabilities	208,249	266,535
Other short-term financial liabilities	3,342,401	1,244,074
Short-term financial investments, other financial assets	(6,873,062)	(123,838)
Cash and equivalents (*)	(20,408,005)	(5,753,046)
Corporate net debt with recourse	**7,208,256**	**4,840,754**
Project Debt with recourse (*)	42,392,003	6,350,782
Project Cash with resource (*)	(8,365,082)	(7,365,995)
Net Project Debt with recourse	**34,026,921**	**(1,015,213)**
Project debt without recourse (*)	-	-
Project Box without resource (*)	-	-
Net debt of Project without recourse	-	-
Total net debt	**41,235,177**	**3,825,541**

(*) Alternative performance measures (MAR) See Appendix I.

3. Significant events in 2019

- In November 2019, the Group issued bonds under the "2019 Grenergy fixed-income renewable energy program" in the nominal amount of 22,000,000 euros at a 4.75% interest rate, maturing in November 2024.

- Also, during November 2019, the Group entered into a project finance agreement in the amount of 53.8 million euros with Banco Security, Banco del Estado de Chile and Penta Vida Compañía de Seguros de Vida for the construction of a new 103 MW solar farm based in Quillagua (Chile).

- In November of this year, the Group arranged its first energy sale framework agreement in Spain with Galp, encompassing between 300-360 GW-hour. The above agreement will pave the way for subscribing PPAs for a group of PV solar energy projects totaling 200MW in Spain, to progressively be assigned to Galp's sales activities starting August 2021, for a 12-year period. Although the Group may supply energy through its projects in portfolio, or ones to be incorporated in the future, the plan is for it to be supplied through the Los Escuderos project. Subsequent to signing the agreement, the Group's portfolio of projects in different stages of development in Spain totaled approximately 1 GW.

- On November 15, 2019, authorization was given by the shareholders in general meeting to request exclusion from negotiations of their shares on Spain's Alternative Stock Market, while also soliciting their admission to trading of the shares on the Barcelona, Bilbao, Madrid, and Valencia exchanges, as well as inclusion on the Electronic Trading Platform, among other decisions made.

- On December 10, 2019, a significant event was published on the launch of an accelerated bookbuilding process designed to place 10% of the Parent company's shares on the market, to thereby comply with the necessary free-float requirements to list on the continuous market.

- Another significant event notice was published on December 12, 2019 announcing the result of the above, with a total of 2,429,000 shares at a unitary price of 12.50 euros per share.

- On December 13, 2019, a significant event notice announcing the CNMV's admission to trading of the Grenergy shares on the continuous market. On December 16, the shares were effectively delisted from the Spanish alternative equity market (MAB), with the simultaneous admission to the Madrid, Barcelona, Bilbao, and Valencia stock exchanges, as well as their inclusion on the electronic trading platform.

4. Strategy and targets for upcoming years

From the commencement of its activities, the Group has basically based its business model on the development, financing, and construction of projects. Until the date of preparation of the accompanying consolidated financial statements, all the projects created and built by the Group in Spain and the Latam region have been sold to third parties. This has permitted Grenergy to use funds obtained to foster its inclusion in new projects in its portfolio, and contribute the necessary capital to finance many of these, so as to be able to construct and operated the same portfolio attained in the ready-to-build phase. The Group also developed O&M services covering asset management in the majority of the projects transferred to third parties, which has generated recurring revenue from the moment the first plants were started up in Spain.

Without prejudice to the focus on continual growth of the abovementioned “build to sell” business model, the Group intends to base part of its future business on the design, construction, and operation of its own projects in Spain and Latin America, so as to generate and obtain recurring income from the sale of energy generated by these projects in the medium and long term. The Group will retain ownership of certain build-to-own projects. Thus, the projects stages of development will rotate (subject to construction), to consolidate a project portfolio serving as the foundation for future recurring income once they are connected to the grid. This involves selling energy directly to the market, or certain buyers under bilateral energy purchase-sale agreements, and other energy sale framework agreements at predetermined prices, or by using bankable price-stabilization regimes.

In addition to its solar/wind energy generation activity, the Group plans to add storage to its services: saving energy produced by intermittent renewable sources, in order to then sell it at auction, and take advantage of other remuneration schemes. The Group is currently implementing a pilot project in Chile, in which it is developing and building a photovoltaic solar plant with battery bank storage facilities; at the state of approval of the accompanying annual financial statements, no objectives had been set.

The Group's strategic objectives for 2020 include: (i) develop solar, wind, and storage of photovoltaic activity; (ii) have a project portfolio of over 5,000 MW; and (iii) build and produce over 363 MW in the upcoming 15 months as Independent Power Producer ("IPP"). The 2022 target is to operate 1,323 MW of installed generation capacity for both photovoltaic as well as wind farms located in the different countries where the Grenergy Group operates (Spain, Chile, Mexico, Peru, Colombia, and Argentina).

5. Administrative, management and supervisory bodies, and senior management

Board of Directors

Below is a description of Grenergy’s Board of Directors at the date of preparation of these consolidated financial statements, indicating the positions filled by each member:

Name	Position	Type	Shareholder that proposed their appointment	Date of first appointment	Expiring date
D. David Ruiz de Andrés	President/ CEO	Executive	Daruan Group Holding, S.L.	05/19/2015	11/15/2023
D. Antonio Jiménez Alarcón	Vocal	Executive	--	11/15/2019	11/15/2023
D. Florentino Vivancos Gasset	Board member	Dominical	Daruan Group Holding, S.L.	05/19/2015	11/15/2023
Dña. Ana Peralta Moreno	Vocal	Independent Coordinator	--	06/27/2016	11/15/2023
D. Nicolás Bergareche Mendoza	Vocal	Independent	--	06/27/2016	11/15/2023
Dña. María del Rocío Hortigüela Esturillo	Vocal	Independent	--	11/15/2019	11/15/2023

As a result of the request for admission to trading of the Parent’s shares on the stock exchange, during their general meeting held on November 15, 2019, the shareholders agreed to amend certain bylaws, as well as its General Meeting Regulations to adapt them to applicable regulations for listed companies. On October 1, 2019, the Parent’s Board of Directors approved the Board of Directors’ regulations, which was reported during the abovementioned General Shareholders’ Meeting. The regulations for the General Shareholders Meetings and Board of Directors became effective on the date the entirety of the Company’s shares were issued for trading on the stock exchanges on the Spanish continuous market.

During the Parent's General Shareholders' Meeting held on November 15, 2019, six board members were appointed. At the date of preparation of the accompanying consolidated financial statements, the Board was comprised of six members.

On November 15, 2019, the Board agreed to appoint Ms. Ana Peralta Moreno Lead Independent Director. As indicated in the Parent's Board of Directors' regulations, it is especially entitled to the following (among others): (i) call Board meetings, (ii) add items to an established meeting agenda, (iii) coordinate and gather all non-executive directors, and (iv) oversee periodic assessments by the Chairman of the Board, where applicable.

Executives

Group directors (understood as those who report directly to the Board of Directors and/or the CEO) at the date of preparation of these consolidated financial statements follow:

Name	Position
Mr. David Ruiz de Andrés	Chief Executive Officer (CEO)
Mr. Antonio Jiménez Alarcón	Corporate Financial Director (CFO) and Executive Director
Ms. Mercedes Español Soriano	Director of Development and M&A
Mr. Daniel Lozano Herrera	Investor Relations and Communication Director
Mr. Álvaro Ruiz Ruiz	Director of the Legal Area

Average headcount

The average number of employees in 2019, broken down by professional categories, was the following:

Category	2019
Board members and Senior Management	7
Directors Departments	16
Other	64
Total	**87**

6. Information on the nature and extent of risk arising from financial instruments

The activities of the Group are exposed to various financial risks: market risk (including exchange rate risk), and liquidity risk. The Group's risk management is focused on the uncertainty of financial markets and attempts to minimize the potentially adverse effects on its profitability, using certain financial instruments for this purpose, described further on in the notes. The chief financial risks which might affect the Group are indicated in Note 25.1 of the accompanying notes.

7. Environmental disclosures

One of the stages which characterizes the development of a renewable energy project (albeit solar or eolic in nature) is the performance of studies and statements on the environmental impact installations may exert. The key purpose of the above is to measure and reduce the true impact of executing projects on the environment.

Competent authorities in the different countries in which the Group operates are in charge of preventing environmental damage. Conducting an environmental impact assessment on any activity makes it possible to introduce environmental aspects during project design and execution, as well as the performance of activities carried out in each country. These assessments certify that public- and private-sector initiatives are prepared to comply with applicable environmental requirements.

Although there are a vast array of different environmental impacts, they can be classified into three types according to origin: (i) environmental impact unleashed by taking advantage of natural resources; (ii) the effects of pollution; and (iii) the damage caused by land occupation.

The Group's projects are generally affected by the environmental impact of land occupation. When a project commences, land is sought and located encompassing the essential characteristics necessary to ensure it is not changed during project execution; on occasion environmental improvements are made.

Another effect on the environment which could impact the Group's PP&E is pollution, since some of the machinery used in carrying out its activities belongs to the Group. In this regard, the parties in charge of executing any stage in the development of a project always seek to optimize equipment organization, adapting it to its surroundings.

Depending on each project, the Group hires different consultants and engineering firms to conduct environmental studies which are subsequently reviewed by competent authorities. Once the study in question has been closely reviewed by competent authorities, the decision is made on the suitability of the activity; the conditions and measures to take to correctly protect the environment and natural resources are then determined.

In accordance with prevailing legislation, the Group controls the degree of contamination produced by waste and emissions by applying an appropriate waste disposal policy.

8. Investment in research and development

The Group did not capitalize any amounts during 2019 related to research and development.

9. Treasury shares

With regard to the possibility of acquiring treasury shares, during the General Shareholders' Meeting held on May 19, 2015 a resolution was passed to acquire up to 2,000,000 shares at a price of between 0.01 and 5 euros during the 5-year period commencing that date, in compliance with the Incentive Plans for directors, managers, employees, and collaborators, so that key personnel feel motivated and loyal.

On February 3, 2016, the Board of Directors agreed to purchase treasury shares in Grenergy Renovables S.A. In an amount up to 0.8% of share capital (equivalent to 181,818 shares), to ensure that the Company is adequately covered to grant share options to its directors and employees.

On September 11, 2018, the Parent acquired 365,426 treasury shares from related parties at 2.40 euros/share.

At the date of preparation of the accompanying 2019 financial statements, Grenergy Renovables S.A.'s treasury shares totaled 556,815.

10. Average supplier payment term

In compliance with Law 31/2014, of December 3, which amends additional provision three of Law 15/2010, of July 5, establishing measures to be taken in combating arrears in commercial transactions, the Group reported that the average payment period for the Parent to suppliers was 52.92 days (Note 19).

11. Subsequent events

No subsequent events have been produced from the closing date of the financial statements till the formulation of the financial statements that could modify the content thereof.

12. Final considerations

We'd like to take this opportunity to thank our clients for their confidence in us, as well as our suppliers and strategic partners for their constant support; our investors for having believed in Grenergy since its shares were issued, and especially to our Group's collaborators and employees, since without their efforts and dedication, we would find it difficult to reach established targets or results obtained.

Appendix I: Glossary of alternative performance measures (MAR)

This consolidated management report includes figures considered alternative performance measures (**APM**s), in conformity with *European Securities and Markets Authority* (ESMA) directives published in October, 2015.

APMs are presented to reflect financial position more clearly, as well as the Group's cash flows, financial situation, to the extent that Grenergy uses them when making financial, operating, or strategic decisions for the Group. These APMs are not audited, however, nor is it necessary to disclose them in IFRS-EU terms; therefore, they must not be contemplated individually, but rather, as complementary information to the audited financial data, nor should they be subjected to limited reviews prepared in accordance with IFRS-EU standards. The measures may differ in definition as well as similar calculations made by other companies, and therefore, are not considered comparable.

The following is an explanatory glossary of APMs utilized, including calculation methods, and definition/relevance, as well as their reconciliation with items recorded on Grenergy's 2019 and 2018 consolidated financial statements.

ALTERNATIVE PERFORMANCE MEASURE)	CALCULATION METHOD	DEFINITION/RELEVANCE
Income	*"Revenue"* + *"Work performed by the entity and capitalized"* + *"Gains (losses) on disposals and other."*	Indicates the total volume of income from Group operating activities.
EBITDA	*"Operating profit"* - *"Impairment losses"* - *"Depreciation and amortization."*	Indicates the Group's profit-generation capacity, solely based on its operating activities, eliminating amortization provisions and impairment losses of PP&E.
Net debt	*"Non-current borrowings"* + *"Current borrowings"* - *"Current financial investments"—"Other financial assets"* - *"Cash and cash equivalents."*	Figure for use in analyzing the Group's financial position.
Bank borrowings, non-current	*"Bonds and other marketable debt securities"* + *"Interest-bearing loans and borrowings"* + *"Finance lease liabilities"* - Non-current project bank borrowings.	The amount of financial debt payable by the Group within a year.
Bank borrowings, current	*"Current bank borrowings"* + *"Current finance lease payables"* - Current project bank borrowings.	The amount of financial debt payable by the Group within a year.
Cash and cash equivalents	*"Cash and cash equivalents*"– Project cash.	The amount subtracted from financial debt to obtain net debt.
Recourse project finance	Non-current recourse project finance bank borrowings+ Current recourse project finance bank borrowings	Indicates Parent recourse borrowings
Recourse project treasury	*"Cash and equivalent cash assets"* – Cash and cash equivalents – Non-recourse project cash.	The amount disbursed by the financing entity attributable to project construction.
Recourse project debt	Non-current non-recourse project finance bank borrowings+ Current non-recourse project finance bank borrowings	Indicates Parent non-recourse borrowings
Non-recourse project treasury	*"Cash and equivalent cash assets"* – Cash and cash equivalents – Recourse project cash.	The amount disbursed by the financing entity attributable to project construction.

The following is a reconciliation of APMs used (in euros):

Income

RECONCILIATION OF THE INCOME	12/31/2019	12/31/2018
"*Revenue*"	72,289,630	26,577,205
+ "*Work performed by the entity and capitalized*"	12,239,733	8,190,763
+ "*Gains (losses) on disposals*"	516	11,532,405
Total Income	**84,529,879**	**46,300,373**

EBITDA

RECONCILIATION OF THE EBITDA	12/31/2019	12/31/2018
"*Operating profit*"	17,518,566	15,408,130
- "*Impairment losses*"	(291,320)	(2,174,486)
- "*Depreciation and amortization*"	(660,945)	(881,431)
Total EBITDA	**18,470,831**	**18,464,047**

Net debt

RECONCILIATION OF THE DEBT NET	12/31/2019	12/31/2018
"*Long-term financial debt*"	67,239,122	9,734,836
+ "*Short-term debt*"	9,642,204	7,333,584
- "*Long-term financial investments*"—"*Other financial assets*"	6,873,062	123,838
- "*Cash and cash equivalents*"	28,773,087	13,119,041
Total Debt Net	**41,235,177**	**3,825,541**

Long-term financial debt

RECONCILIATION OF THE LONG-TERM FINANCIAL DEBT	12/31/2019	12/31/2018
"*Obligations and other long-term tradeable values*"	21,539,686	-
"*Long-term bank borrowings*"	41,764,740	9,333,447
+ "Long-term f*inance lease liabilities*"	3,726,447	134,854
- Long-term bank borrowings of project	(40,933,480)	(6,350,782)
Total long-term financial debt	**26,097,393**	**3,117,519**

Short-term financial debt

RECONCILIATION OF THE SHORT-TERM FINANCIAL DEBT	31/12/2019	31/12/2018
"*Short-term bank borrowings*"	4,953,157	6,061,848
+ "*Short-term finance lease liabilities*"	692,217	27,662
+ "*Short-term derivatives*"	654,429	27,662
- Short-term bank borrowings of project	(1,458,523)	--
Total short-term financial debt	**4,841,280**	**6,089,510**

Cash and cash equivalents

RECONCILIATION OF THE CASH AND CASH EQUIVALENTS	31/12/2019	31/12/2018
"Cash and other cash equivalents assets"	28,773,087	13,119,041
- Cash in hand	(8,365,082)	(7,365,995)
Total cash and cash equivalents	**20,408,005**	**5,753,046**

Project debt with recourse

RECONCILIATION OF THE PROJECT DEBT WITH RECOURSE	31/12/2019	31/12/2018
Long-term Project debt with recourse	40,933,480	6,350,782
+Short-term Project debt with recourse	1,458,523	-
Total Project debt with recourse	**42,392,003**	**6,350,782**

Project cash with recourse

RECONCILIATION OF THE PROJECT CASH WITH RECOURSE	31/12/2019	31/12/2018
"Cash and other cash equivalents assets"	28,773,087	13,119,041
- Cash and cash equivalents	(20,408,005)	(5,753,046)
- Project cash without recourse	-	-
Total Project cash with recourse	**8,365,082**	**7,365,995**

Project cash without recourse

RECONCILIATION OF THE PROJECT CASH WITHOUT RECOURSE	31/12/2019	31/12/2018
"Cash and other cash equivalents assets"	28,773,087	13,119,041
- Cash and cash equivalents	(20,408,005)	(5,753,046)
- Project cash with recourse	(8,365,082	(7,365,995)
Total Project cash without recourse	**-**	**-**

FORMULATION OF THE CONSOLIDATED ANNUAL ACCOUNTS AND MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

The consolidated Financial Statements and the consolidated Management Report for the year 2019 were authorized by the Board of Directors of the Parent Company, GRENERGY RENOVABLES, S.A. (Sole Shareholder Company) at its meeting on February 26, 2020, for their verification by auditors and subsequent approval by the shareholders in general meeting.

Mr. Florentino Vivancos Gasset is authorized to sign all pages comprising the consolidated financial statements and the Management Report for 2019.

Signed in the original report issued in Spanish

D. David Ruiz de Andrés
(Chief Executive Officer)

Signed in the original report issued in Spanish

D. Antonio Jiménez Alarcón
(Board Member)

Signed in the original report issued in Spanish

D. Florentino Vivancos Gasset
(Board Member)

Signed in the original report issued in Spanish

Dña. Ana Peralta Moreno
(Board Member)

Signed in the original report issued in Spanish

D. Nicolás Bergareche Mendoza
(Board Member)

Signed in the original report issued in Spanish

Dña. María del Rocío Hortigüela Esturillo
(Board Member)