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, 2020

Building a better
working world

Ernst & Young, S.L.
Calle de Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

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

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, 2020, 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, 2020 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.

Impairment of non-financial non-current assets

Description	At December 31, 2020, the Group recognized PP&E items and intangible assets under non-current assets amounting to144,768 thousand and 9,143 thousand euros, respectively, mainly corresponding to wind farms and solar parks under construction or in operation. For the purpose of assessing the impairment of non-current non-financial assets, the Group allocates such assets to the corresponding cash-generating units (CGU), which are then individually assigned to the projects. The Group estimates, at least at year-end, or earlier in the case of impairment indicators being identified, the recoverable amount of each cash-generating unit considering their value in use. The determination of the recoverable amount of these assets, requires the use of complex estimations, which involves the application of judgements in establishing the assumptions considered by the Group's Management in relation to those estimates. We have considered this area to be a Key Audit Matter due to the significance of the amounts involved, and the inherent complexity of the estimation process in determining the recoverable amount of the mentioned assets. The main aspects on which the Group applies judgements in determining the related assumptions are the estimate of future margins, the evolution of working capital, the discounted and growth rates, as well as the economic and regulatory conditions in the different markets in which the business operates. The information related to the valuation standards and the main assumptions used by the Group's Management in determining the impairment of non-current non-financial assets, are included in Notes 3.5, 6 and 7 of the accompanying consolidated financial statements.
Our response	Our Audit procedures included, among others, the following: ▶ Understanding the processes established by Group Management in the determination of impairment of the mentioned non-current non-financial assets ▶ Assessment of the analysis of the impairment indicators of the cash generating units performed by the Group Management. ▶ Review the models used by the Group's Management, in collaboration with our valuation specialists, focusing, in particular, on the mathematical consistency of the model, the reasonableness of the projected cash flows, the discount and long-term growth rates, and the consistency of these models with the business plans approved by the Group's governing bodies. In conducting our review, we held interviews with those responsible for the development of the models, and we used recognized external sources and other available information to contrast the data.

- Review of the sensitivity analysis performed by the Group's Management with respect to the estimates made in determining the recoverable amount in the event of changes in the relevant assumptions considered.
- Review of the disclosures included in the consolidated financial statements in accordance 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 3.14 of the accompanying consolidated financial statements. Since it affects the valuation of uncertified work carried out, which at December 31, 2020 amounts to 21,844 thousand euros (Note 11 of the accompanying consolidated financial statements), 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 revenue recognition from construction contracts 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, 2020 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 2020 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. Our responsibility for the consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

a. *Checking only that certain information included in the Corporate Governance Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.*

b. *Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.*

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2020 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

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 23, 2021.

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 23, 2021

GRENERGY RENOVABLES, S.A.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020 AND 2019

(Euros)

ASSETS	Notes	12.31.2020	12.31.2019
NON-CURRENT ASSETS		**169,498,284**	**88,044,141**
Intangible assets	**Note 7**	**9,142,687**	**9,445,907**
Software		76,855	70,720
Patents, licenses, trademarks, et al.		9,065,832	9,375,187
Property, plant, and equipment	**Note 6**	**144,767,655**	**70,346,859**
Land and buildings		17,011	-
Plant and other PP&E items		61,842,809	1,271,860
PP&E under construction and prepayments		82,907,835	69,074,999
Right-of-use assets	**Note 8.1**	**5,284,003**	**4,564,434**
Financial investments	**Note 9.1**	**86,845**	**188,991**
Equity instruments		-	102,067
Other financial assets		86,845	86,924
Deferred tax assets	**Note 20**	**10,217,094**	**3,497,950**
CURRENT ASSETS		**88,699,971**	**69,582,869**
Inventories	**Note 10**	**18,169,040**	**8,851,116**
Raw materials and other consumables		519,194	1,015,452
Plant under construction		16,532,772	7,777,484
Prepayments to suppliers		1,117,074	58,180
Trade and other receivables		**42,754,986**	**24,762,622**
Trade receivables	**Note 11**	30,257,963	12,419,040
Other accounts receivable		273,746	160,220
Receivable from employees		21,771	20,290
Current tax assets	**Note 19**	-	16,112
Other receivables from public administrations	**Note 19**	12,201,506	12,146,960
Investments in related companies		**-**	**40,512**
Loans to related companies	**Note 23.1**	-	40,512
Financial investments	**Note 9.1**	**6,460,724**	**6,873,062**
Other financial assets		6,460,724	6,873,062
Accruals		**745,971**	**282,470**
Cash and cash equivalents	**Note 12**	**20,569,250**	**28,773,087**
Cash in hand		20,569,250	28,773,087
TOTAL ASSETS		**258,198,255**	**157,627,010**

The accompanying notes 1 to 25 and appendices are an integral part of the consolidated statement of financial position for the years ended December 31, 2020 and 2019.

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2020 AND 2019

(Euros)

EQUITY AND LIABILITIES	Notes	12.31.2020	12.31.2019
EQUITY		**48,834,948**	**37,097,475**
Equity attributable to the Parent		**49,204,938**	**37,247,581**
Share capital	**Note 13.1**	**8,507,177**	**8,507,177**
Issued capital		8,507,177	8,507,177
Share premium	**Note 13.2**	**6,117,703**	**6,117,703**
Reserves	**Note 13.3**	**31,911,568**	**15,444,869**
(Shares and participation units of the Parent)	**Note 13.4**	**(8,115,274)**	**(3,328,497)**
Profit (loss) for the year attributed to the Parent	**Note 21**	**15,233,317**	**11,436,955**
Unrealized gains (losses) reserve	**Note 14**	**(4,449,553)**	**(930,626)**
Hedging transactions		(1,749,850)	(477,733)
Currency translation differences		(2,699,703)	(452,893)
Minority interests	**Note 15**	**(369,990)**	**(150,106)**
NON-CURRENT LIABILITIES		**143,517,742**	**73,437,618**
Provisions	**Note 16**	**3,421,148**	**2,748,384**
Borrowings	**Note 17**	**134,505,152**	**67,239,122**
Bonds and other marketable securities		21,496,590	21,539,686
Bank borrowings		106,608,483	41,764,740
Finance lease payables		4,199,527	3,726,447
Derivatives		2,044,363	-
Other financial liabilities		156,189	208,249
Deferred tax liabilities	**Note 19**	**5,591,442**	**3,450,112**
CURRENT LIABILITIES		**65,845,565**	**47,091,917**
Provisions	**Note 17**	**838,965**	**828,909**
Borrowings	**Note 18**	**20,957,399**	**9,642,204**
Bonds and other marketable securities		151,920	-
Bank borrowings		16,716,858	4,953,157
Finance lease payables		681,559	692,217
Derivatives		352,692	654,429
Other financial liabilities		3,054,370	3,342,401
Trade and other payables		**44,049,201**	**36,620,804**
Suppliers		40,326,710	23,388,491
Suppliers, related companies	**Note 23.1**	-	5,436
Other accounts payable		1,481,437	1,938,348
Employee benefits payable		627,373	536,097
Current income tax liabilities	**Note 19**	633,886	730,798
Other payables to public administrations	**Note 19**	979,072	1,370,551
Customer advances	**Note 11**	723	8,651,083
TOTAL EQUITY AND LIABILITIES		**258,198,255**	**157,627,010**

The accompanying notes 1 to 25 and appendices are an integral part of the consolidated statement of financial position for the years ended December 31, 2020 and 2019.

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Euros)

	Notes	12.31.2020	12.31.2019
CONTINUING OPERATIONS			
Revenue	**Note 4**	**73,385,606**	**72,289,630**
Sale of goods		71,499,624	70,931,791
Rendering of services		1,885,982	1,357,839
Changes in inventory of finished products and work in progress		**8,755,288**	**(2,702,401)**
Work performed by the entity and capitalized	**Note 4**	**40,046,215**	**12,239,733**
Cost of sales	**Note 20**	**(88,026,529)**	**(62,588,351)**
Other operating income		**80,213**	**51,772**
Employee benefits expense	**Note 20**	**(5,723,363)**	**(4,784,016)**
Other operating expenses	**Note 20**	**(4,652,092)**	**(4,846,025)**
Depreciation and amortization	**Notes 6.7 and 8.1**	**(799,271)**	**(660,945)**
Impairment and gains (losses) on disposal of non-current assets	**Note 6**	**275,386**	**(290,804)**
Impairment and losses		275,386	(291,320)
Gains (losses) on disposals		-	516
Other gains or losses		**(175,641)**	**19,747**
Negative difference on business combinations	**Note 5**	**-**	**8,790,226**
OPERATING PROFIT (LOSS)		**23,165,812**	**17,518,566**
Finance income	**Note 20**	**206,043**	**55,019**
Finance costs	**Note 20**	**(2,627,759)**	**(1,141,769)**
Exchange gains (losses)	**Note 20**	**(5,242,447)**	**(2,307,056)**
Impairment and gains (losses) on disposal of financial instruments	**Note 20**	**-**	**(25,000)**
FINANCE COST		**(7,664,163)**	**(3,418,806)**
PROFIT (LOSS) BEFORE TAX		**15,501,649**	**14,099,760**
Corporate income tax	**Note 19**	(394,634)	(2,663,443)
CONSOLIDATED PROFIT FOR THE YEAR		**15,107,015**	**11,436,317**
PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTERESTS		**(126,302)**	**(638)**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT		**15,233,317**	**11,436,955**
Earnings (losses) per share	**Note 13.6**	**0.64**	**0.48**

The accompanying notes 1 to 25 and appendices are an integral part of the consolidated statement of profit or loss for the years ended December 31, 2020 and 2019.

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

A) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euros)

	12.31.2020	12.31.2019
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR (I)	**15,107,015**	**11,436,317**
Income and expense recognized directly in equity		
- Currency translation differences	(2,246,810)	(18,476)
- Hedging transactions	(1,272,117)	(477,733)
- Tax effect		-
TOTAL INCOME AND EXPENSE RECOGNIZED DIRECTLY IN CONSOLIDATED EQUITY (II)	**(3,518,927)**	**(496,209)**
Amounts transferred to consolidated statement of profit or loss		
- Currency translation differences	-	1,492
- Tax effect		
TOTAL AMOUNTS TRANSFERRED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (III)	**-**	**1,492**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD (I+II+III)	**11,588,088**	**10,941,600**
Attributable to:		
Parent	**11,807,972**	**10,942,238**
Minority interests	**(219,884)**	**(638)**

The accompanying notes 1 to 25 and appendices are an integral part of the consolidated statement of comprehensive income for the years ended December 31, 2020 and 2019.

B) CONSOLIDATED STATEMENT OF ALL CHANGES IN EQUITY

(Euros)

	Share capital	Share premium	Reserves	(Treasury shares)	Profit for the period attributable to the Parent	Unrealized gains (losses) reserve	Minority interests	Total
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 changes in criteria and misstatements	-	-	-	-	(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
Changes in the consolidation scope, transfers, and other minor effects	-	-	96,372	-	-	(175,594)	79,222	-
Appropriation of profit from prior year	-	-	9,725,962	-	(9,725,962)		-	-
BALANCE AT DECEMBER 31, 2018	**8,507,177**	**6,117,703**	**15,444,869**	**(3,328,497)**	**11,436,955**	**(930,626)**	**(150,106)**	**37,097,475**
Adjustments for changes in criteria and misstatements	-	-	-	-	-	-	-	-
ADJUSTED OPENING BALANCE 2020	**8,507,177**	**6,117,703**	**15,444,869**	**(3,328,497)**	**11,436,955**	**(930,626)**	**(150,106)**	**37,097,475**
Total consolidated comprehensive income	-	-	-	-	15,233,317	(3,425,354)	(219,884)	11,588,088
Capital increase	-	-	-	-	-	-	-	-
Transactions with shares of the Parent (net)	-	-	5,066,935	(4,786,777)	-	-	-	280,158
Changes in the consolidation scope, transfers, and other minor effects	-	-	(37,191)	-	-	(93,582)	-	(130,773)
Appropriation of profit from prior year	-	-	11,436,955	-	(11,436,955)	-	-	-
BALANCE AT DECEMBER 31, 2020	**8,507,177**	**6,117,703**	**31,911,568**	**(8,115,274)**	**15,233,317**	**(4,449,553)**	**(369,990)**	**48,834,948**

The accompanying notes 1 to 25 and appendices are an integral part of the consolidated statement of changes in equity for the years ended December 31, 2020 and 2019.

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

(Euros)

	Notes	12.31.2020	12.31.2019
A) CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit (loss) before tax		**15,501,649**	**14,099,760**
2. Adjustments to profit		**8,700,271**	**(3,654,912)**
a) Depreciation and amortization (+)	6 and 7	799,271	660,945
b) Impairment losses (+/-)		236,837	291,320
c) Changes in provisions (+/-)		-	764,759
e) Gains (losses) from derecognition and disposal of assets (+/-)	6 and 7	-	(516)
g) Finance income (-)		(206,043)	(55,019)
h) Finance costs (+)	20	2,627,759	1,141,769
i) Exchange gains (losses) (+/-)	20	5,242,447	2,307,056
j) Change in fair value of financial instruments (+/-)		-	25,000
k) Negative difference on business combinations (-)	5	-	(8,790,226)
3. Changes in working capital.		**(26,110,670)**	**9,177,718**
a) Inventories (+/-)	10	(9,118,309)	2,773,580
b) Trade and other receivables (+/-)	11	(17,992,364)	(10,166,547)
c) Other current assets (+/-)		(422,989)	(166,906)
d) Trade and other payables (+/-)		1,412,936	14,009,109
e) Other current liabilities (+/-)		10,056	(31,376)
f) Other non-current assets and liabilities (+/-)		-	2,759,858
4. Other cash flows from operating activities		**(6,419,855)**	**(3,740,961)**
a) Interest paid (-)	20	(2,475,839)	(1,141,769)
c) Interest received (+)		206,043	55,019
d) Income tax receipts (payments) (+/-)	20	(4,150,059)	(2,654,211)
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)		**(8,328,605)**	**15,881,605**
B) CASH FLOWS FROM INVESTING ACTIVITIES			
6. Payments on investments (-)		**(80,317,510)**	**(56,081,472)**
a) Business combinations	5	-	(4,862,103)
b) Intangible assets	6	(32,547)	(81,501)
c) Property, plant, and equipment	7	(80,284,963)	(46,503,855)
e) Other financial assets		-	(4,634,013)
7. Proceeds from disinvestments (+)		**654,612**	**-**
c) Property, plant, and equipment	6	140,128	-
e) Other financial assets	8.1	514,484	-
8. Cash flows from (used in) investing activities (7+6)		**(79,662,898)**	**(56,081,472)**
C) CASH FLOWS FROM FINANCING ACTIVITIES			
9. Proceeds from and payments on equity instruments		**280,158**	**845,192**
c) Acquisition of own equity instruments (-)	13	(16,019,484)	(3,882,063)
c) Disposal of equity instruments of the Parent	13	16,299,642	4,727,255
10. Proceeds from and payments of financial liabilities		**74,943,745**	**55,039,454**
a) Issues (+)		*79,720,703*	*59,014,369*
1. Bonds and other marketable debt securities (+)		-	*21,539,686*
2. Bank borrowings (+)	17.1	79,720,703	34,949,805
4. Other borrowings (+)	17.2	-	2,524,878
b) Repayment and redemption:		*(4,776,958)*	*(3,974,915)*
1. Bonds and other marketable debt securities (+)		*(43,096)*	-
2. Bank borrowings (-)		*(4,681,802)*	*(3,916,629)*
4. Other borrowings (-)		(52,060)	(58,286)
12. Cash flows from financing activities (+/-9+/-10-11)		**75,223,903**	**55,884,646**
D) Effect of changes in exchange rates		4,563,763	(30,733)
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (+/-A+/-B+/-C+/- D)		**(8,203,837)**	**15,654,046**
Cash and cash equivalents at January 1	12	28,773,087	13,119,041
Cash and cash equivalents at December 31	12	20,569,250	28,773,087

The accompanying notes 1 to 25 and appendices are an integral part of the consolidated cash flow statement for the years ended December 31, 2020 and 2019.

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

1. Group companies

1.1. Company information

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. Its registered business and tax address, where it also performs its activities, is located at Calle Rafael Botí, nº 26, Madrid.

The corporate purpose of the Grenergy Group and the sectors in which it 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.

The Grenergy Group is present in Spain, Chile, Peru, Colombia, Argentina, Mexico, and Italy.

At December 31, 2020 the Grenergy Renovables Group is comprised of 146 companies, including the Parent (136 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, it has a parent company which conducts the outsourcing functions arranged under EPC (Engineering, Procurement, and Construction), O&M (Operation and Management), or asset-management contracts using company personnel. The remaining subsidiaries are considered Special Purpose Vehicles (SPVs) where each of the solar plants or wind farms are located. At December 31, 2020, a total of 92 subsidiaries were inactive. The breakdown of the companies which make up the Group is presented in Appendix I. In addition, the main changes in the consolidation scope corresponding to 2020 and 2019 are disclosed in Appendix II to the accompanying consolidated financial statements.

The shares of the Parent have been listed on the Madrid, Barcelona, Bilbao, and Valencia stock exchanges since December 16, 2019.

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. The Daruan group's consolidated financial statements for the year ended December 31, 2019, as well as the corresponding management and audit reports, were filed at the Mercantile Registry of Madrid on November 25, 2020. The Daruan group's consolidated financial statements for the year ended December 31, 2020, as well as the corresponding management and audit reports, will be filed at the Madrid Mercantile Registry.

1.2. Regulatory framework

The Grenergy Group performs its activity in a regulated environment with different characteristics depending on the country in which it operates. The Group's regulatory framework is disclosed in Appendix III. No relevant matters arose in this respect during 2020 which had a significant impact on the consolidated financial statements.

2. Basis of presentation

2.1 True and fair view

The annual consolidated financial statements of Grenergy Renovables, S.A. corresponding to FY 2019 were approved by the general shareholder meeting held on June 29, 2020.

The consolidated financial statements corresponding to FY 2020, which were authorized for issue by the Board of Directors of Grenergy Renovables, S.A. on February 23, 2021, as well as those of its investees, will be submitted for approval by shareholders at their respective general meetings. It is expected that they will be approved without modification.

Grenergy's annual 2020 consolidated financial statements were prepared based on the accounting records held by Grenergy Renovables, S.A. and the remaining entities which comprise the Group, in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU"), and in conformity with Regulation (EC) 1606/2002 of the European Parliament and Council.

The annual consolidated financial statements of the Grenergy Group for 2019 were the first consolidated financial statements presented by the Group in accordance with IFRS-EU, with January 1, 2016 as the transition date.

They were prepared using the historical cost approach, though modified by the fair value recognition criteria applied to derivative financial instruments, business combinations, and defined benefit pension plans.

The preparation of the consolidated financial statements under IFRS-EU requires the use of 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, are disclosed in Note 2.3.

The Group's directors have prepared the accompanying consolidated financial statements on a going-concern basis. The directors consider that COVID-19 did not have a significant impact on the Group's business or liquidity position which may cast doubt on its ability to continue as a going concern.

These consolidated financial statements give a true and fair view of Grenergy's consolidated equity and consolidated financial position at December 31, 2020, as well as the consolidated results of its operations, changes in the consolidated statement of comprehensive income, consolidated statement of changes in equity, and the consolidated statement of cash flows 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) Standards and interpretations approved by the European Union and applied for the first time during the current reporting period.

The accounting standards used to prepare the accompanying consolidated financial statements are the same as those used to prepare the consolidated financial statements for the year ended December 31, 2019, as none of the standards, interpretations or amendments that are effective for the first time in the current year have had any impact on the Group's accounting policies.

b) Standards and interpretations issued by the IASB not yet applicable in the current reporting period

The Group intends to apply the standards, interpretations, and amendments to standards issued by the IASB, not mandatory in the European Union, when they become effective and to the extent applicable. Although the Group is at present analyzing their impact, based on the analysis performed to date, it estimates that their initial application will not have a significant impact on its consolidated financial statements.

2.3 Responsibility for the information presented and significant estimates

The Parent’s Board of Directors is responsible for the information included in these consolidated financial statements.

The most significant judgments and estimates necessary for application of the accounting policies described in Note 3 are as follows:

- The fair value of assets and liabilities acquired in business combinations (Notes 3.2 and 5)
- The useful life of PP&E items and intangible assets (Notes 3.3, 3.4, 6, and 7).
- Impairment losses on certain assets (Notes 3.4, 3.11, 6, and 7)
- The probability of occurrence and amounts corresponding to certain provisions and contingencies (Notes 3.15 and 16)
- The recognition of income based on degree of project completion (Note 3.14)
- The market value of derivatives (such as interest rate swaps) (Notes 3.10 and 17.4)
- The recoverability of deferred tax assets (Notes 3.13 and 19).

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 statement of profit or loss.

Implications of COVID-19

The expansion of COVID-19 posed significant challenges to commercial activities and introduced a degree of uncertainty surrounding economic activity and demand for energy on a global scale. The quarantine measures imposed on a large portion of the global population resulted in decreased economic activity which in turn provoked a generalized decrease in macroeconomic indicators, demand for energy, and prices of the main factors in the energy sector. The effects of the COVID-19 pandemic increase the uncertainty regarding future perspectives for companies and the economy in general, with a substantial deterioration of the recovery becoming apparent in the second half of 2020. When making the estimates and assumptions necessary for preparation of the consolidated financial statements, the Parent took said circumstances into account, providing disclosure in the corresponding notes.

2.4 Comparative information

For comparative purposes the accompanying consolidated financial statements are presented together with the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year ended December 31, 2019.

2.5 Seasonality

Given the activity in which the Group companies engage, their transactions are not significantly cyclical or seasonal in their nature.

3. Accounting principles and policies and measurement criteria

3.1. Consolidation principles

3.1.1 Subsidiaries

All companies over which the Group 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 subsidiaries have been fully consolidated; all their assets, liabilities, income, expenses and expenses have been included in the consolidated financial statements after the corresponding adjustments and eliminations in respect of intra-group transactions have been made. 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. This last case is considered a "bargain purchase" and is accounted for 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.

3.1.2 Joint arrangements

In accordance with IFRS 11, in a joint arrangement the parties are related via a contractual agreement which grants two or more of the involved parties joint control over the arrangement. Joint control exists when decisions on relevant activities require the unanimous consent of all the parties that share control.

A joint arrangement is classified as a joint operation when the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement; or as a joint venture when the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The interests held in joint operations are consolidated under the proportional consolidation method and the interests held in joint ventures are consolidated under the equity method.

Under the equity method, the Group's interests in joint ventures are initially recognized at cost and are subsequently restated to recognize its share of post-acquisition profit and loss and movements in other comprehensive income.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this should be the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying amount, and recognizes the resulting amount under "Profit (loss) from investments consolidated under the equity method" in the consolidated statement of profit or loss.

The assets and liabilities assigned to joint operations are recognized in the consolidated statement of financial position, classified according to their specific nature and the Group's percentage of ownership interest. Similarly, income and expenses arising from joint operations are presented in the consolidated statement of profit or loss in accordance with their nature and the Group's percentage of ownership interest.

For more detailed information on joint ventures, see Note 18.

3.1.3 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 financial statements of the companies included in the consolidation scope and used for consolidation purposes correspond to the financial year ended December 31, 2020.

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 annual consolidated financial statements, the necessary reclassifications were performed.

3.1.4 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 annual 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."

3.1.5 Goodwill on consolidation or negative consolidation difference

"Goodwill on consolidation or negative consolidation difference" is determined based on the criteria described in Note 3.2, "Business combinations."

Goodwill is not amortized and, as indicated in IFRS 3, is tested for impairment once a year or sooner if there are any indications of possible impairment. Thus, goodwill resulting from a business combination is allocated to each of the cash-generating units (CGUs), or to the entirety of all the Group's CGUs if appropriate, that are expected to benefit from the synergies of the combination, applying the criteria outlined in section 3.4 of this note. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses.

3.1.6 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 in the consolidated financial statements.

3.2. 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 equity of the subsidiary.

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 fair value of the respective acquisition dates or at the percentage of interest held in the identifiable net assets of the acquired entity.

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 at the acquisition date of any prior holding in the acquired entity

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 in results as a bargain purchase under "Negative goodwill in business combinations."

Where settlement of any portion of cash payments is deferred, amounts payable in the future are discounted to their fair value at the exchange date. The discount rate used is the incremental rate on the entity's borrowings, which corresponds to that which could be obtained for a similar loan 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.

3.3. 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.

Licenses, patents, and trademarks (industrial property)

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).

Software

This heading includes the amounts paid to acquire software or user licenses for programs and computer applications, provided the Company 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.

At December 31, 2020 the Group had no intangible assets with an indefinite useful life.

3.4. 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.

In addition, the heading for "Work in progress" includes those expenses incurred in the development (arranging permits with the competent authorities; preparation of an environmental impact statement; performance of environmental impact, topographical, hydrological, electric, and archaeological studies; land compensation and reforesting costs as well as costs relating to personnel directly involved in the development of projects) and the construction of certain installations which are still under construction, in their initial design, development or construction phases, and which will be operated by the Group once they have been started up.

The cost of PP&E constructed by the Group is determined following the same principles as used for acquisitions of PP&E items. Capitalized production costs are recognized under "Work performed by the entity and capitalized" in the consolidated statement of profit or loss.

Costs incurred to expand, 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 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 in accordance with the criteria described in IAS 23. No corresponding amounts were recorded in this respect during the period. In contrast, finance interest accrued subsequent to said date, or related to financing acquisition of the remaining PP&E items, does not increase the acquisition cost and is recognized in the consolidated statement of profit or loss for the year in which they accrue.

The costs incurred for refurbishing leased premises are included under the heading for plant, depreciated systematically on a straight-line basis over a period of 8 years and 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 statement of profit or loss of the year in which they are incurred.

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

	Years of useful life
Machinery and technical installations	5-12
Solar parks/wind farms	25-30
Transport equipment	5-10
Furniture and fixtures	10
Data processing equipment	4
Other PP&E items	6-8

In addition, the Group on occasion has to cover significant costs with respect to the closing of installations recognized under PP&E, corresponding to dismantling costs or other related costs, so that the consolidated balance sheet includes provisions for this item (Notes 6 and 16). The estimate of the present value of these costs is recognized as a greater carrying amount for the asset with a credit to "Provisions" when the asset is initially put to use. This estimate is revised periodically so that the provision reflects the present value of all future estimated costs. The Group applies a risk-free rate to financially discount the provision given that the estimated future cash flows to settle the obligation reflect the specific risks of the corresponding liability. The risk-free rate used corresponds to the returns generated, at the closing date of the reporting period, of the government bonds with sufficient market depth and solvency and a similar maturity to that of the obligation in question. The change in the provision due to financial discounting is recognized with a charge to "Finance costs" in the consolidated statement of profit or loss.

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

3.5. Impairment

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 statement of profit or loss, 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 statement of profit or loss for the year in which the change occurs.

At December 31, 2020 the Group had no PP&E items with an indefinite useful life.

3.6. Leases

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 only reconsiders whether the contract is a lease agreement or contains a lease, 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 (Notes 3.6 and 3.7).

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.

3.7. 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 exemption for short-term leases (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 or 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.

To determine the lease terms and the non-cancelable periods Grenergy uses 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.

The main leases contracted by the Group and which are subject to this regulation correspond to offices and the land where the different solar parks and wind farms are located. In the case of the land where the solar farms are located, the right-of-use asset is recognized as soon as construction of the solar farm commences, given that this is when all the rights and obligations relating to the leased land are obtained. The lease term ranges between 20 and 30 years for the land.

3.8. 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.) or 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. Said provisions are recognized in accordance with the expected losses. The Group has carried out an analysis of expected losses and concluded that this IFRS does not have any significant effect on the annual consolidated financial statements for the years 2020 and 2019.

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 currency translation differences are recognized in consolidated results 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 statement of profit or loss 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 statement of profit or loss upon their sale, with only dividends received being recognized in profit or loss.

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 statement of profit or loss 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 expenses 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.

  Further, those loans associated with projects which are classified under "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 statement of profit or loss.

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 share capital. No other shares exist.

Costs directly attributable to the issue or acquisition of new shares are recognized under equity as a deduction of the corresponding amount.

Treasury shares

Transactions involving treasury shares in 2020 and 2019 are summarized in Note 13.4. They are deducted from equity on the accompanying 2019 and 2019 consolidated statements of financial position

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

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

Share options (Note 3.18)

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

Said options granted, in accordance with IFRS 2, are considered a share-based payment to be settled with own equity instruments. Therefore, they are measured at fair value on the grant date, and charged to results using the straight-line method over the life of the plan, depending on the different vesting periods of the share options, with a charge to equity.

As market prices are not available, the value of the share options was determined using valuation techniques which take into account all the factors and circumstances which, between independent and well informed parties, would have been applicable for determining their transaction 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 highly liquid short-term 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.

3.9. Lease liabilities

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 financial 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.

3.10. Derivative financial instruments and hedge accounting

The Group's activities expose it to financial risk mainly arising from changes in interest rates. The Group hedges this risk exposure by using interest rate swaps. The Group does not use derivative financial instruments for speculative purposes, regardless of the fact that in certain cases the conditions for the application of hedge accounting are not met.

The derivatives are initially recognized at fair value and subsequently the necessary valuation adjustments are made to reflect their fair value at any given moment, recognizing said adjustments in the consolidated statement of financial position as current or non-current assets under "Financial investments - Derivatives," if they are positive, or as current or non-current liabilities under under "Borrowings - Derivatives," if they are negative.

The gains or losses arising from any such changes in the fair value of derivatives are recognized in the consolidated statement of profit or loss for the year, unless the derivative instruments have been designated as hedging instruments for accounting purposes and are deemed to be highly effective, in which case they are recognized as follows:

- Fair value hedges: both the hedged item as well as the hedging instrument are measured at fair value, recognizing any changes in fair value for both instruments attributable to the hedged risk in the consolidated statement of profit or loss for the year, with the net effect reflected in the balance associated with the hedged item.

- Cash flow hedges: the changes in fair value of the financial derivative hedging instruments are recognized in equity, to the extent considered highly effective and net of the tax effect, under "Unrealized gains (loss) reserve" in the consolidated statement of financial position. The gains or losses accumulated under this heading and associated with the derivative are transferred to the consolidated statement of profit or loss to the extent that the hedged item affects the Group's profit or loss, or in the year in which the corresponding item is disposed of, with said effect reflected under the same heading in the consolidated statement of profit or loss.

  When hedges relating to firm commitments or future transactions give rise to recognition of a non-financial asset or non-financial liability, the gain or loss accumulated in equity and associated with the derivative instrument is taken into account when determining the initial carrying amount of the asset or liability which gives rise to the hedged item.

  In contrast, those changes in the fair value of derivative financial instruments which are deemed ineffective are recognized immediately in the consolidated statement of profit or loss.

  This type of hedge mainly corresponds to those derivatives contracted to convert variable interest rates on financial debt to fixed rates.

- Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or when it no longer qualifies for hedge accounting. When this occurs, the gain or loss accumulated under "Unrealized gains (loss) reserves" in equity is maintained under said heading until the hedged transaction is carried out, at which point the results of said transaction are adjusted. If it is expected that the hedged transaction will finally not be carried out, the loss or gain recognized in equity will be taken to the consolidated statement of profit or loss for the year.

Derivatives which are implicit in other financial instruments or in other main contracts are accounted for separately when their characteristics and risks are not closely related, provided that the whole instrument is not being accounted for at fair value recognizing the changes in fair value in the consolidated statement of profit or loss.

The fair value of the various derivative instruments is calculated on the following basis:

- Derivatives traded on organized markets: their fair value is obtained based on the quoted price at the closing date of the reporting period.

- Derivatives not traded on organized markets: for their measurement the Group uses techniques habitually used in financial markets, that is, discounting all future cash flows foreseen in the contract in accordance with their characteristics, such as the notional amount and the time schedule for collections and payments, based on market conditions at the closing date of the reporting period. The values thus obtained by the Group are compared to the valuations presented by financial intermediaries and independent third parties.

3.11. 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 of either the cost or the new net realizable value of the inventories. Both impairment losses on inventories as well as their reversal are recognized in the consolidated statement of profit or loss 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. In those cases in which a decision is initially taken to operate the photovoltaic solar plant, they are classified under PP&E. Should a photovoltaic plant previously classified as inventory not be sold within a year subsequent to finalizing construction, it will be reclassified as PP&E.

3.12. Foreign currency translation

Functional and presentational currency

The items included in the consolidated financial statements of each of the Group companies are measured using the currency of the primary economic environment in which it operates (functional currency). Group companies use the currencies of the countries in which they are located as their functional currency, apart from the subsidiaries Grenergy Atlantic, S.A., Kosten, S.A., Parque Eólico Quillagua, SpA, GR Taruca, S.A.C., GR Paino, S.A.C., and Grenergy Perú, S.A.C., which use the US dollar as their functional currency given that practically all their revenue is referenced to the US dollar, they are financed in US dollars, and their investments are also denominated in US dollars, as are most of their expenses.

The consolidated financial statements of the Group are presented in euros, unless expressly indicated otherwise.

<u>Foreign currency transactions and balances</u>

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 average 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 statement of profit or loss for the year under "Exchange gains (losses)."

The exchange rates with respect to the euro of the main currencies used by the Group companies at December 31, 2020 and 2019 were as follows:

	December 31, 2020		**December 31, 2019**	
	Closing rate	**Average accumulated rate (1)**	**Closing rate**	**Average accumulated rate (1)**
US dollar (USD)	1.23	1.14	1.12	1.12
Argentine peso (ARS)	103.15	82.32	67.27	55
Peruvian sol (PEN)	4.39	3.99	3.65	3.71
Chilean peso (CLP)	873.30	905.45	839.58	797.09
Mexican peso (MXN)	24.38	24.71	21.20	21.61
Colombian peso (COP)	4,191.89	4,257.42	3,671.74	3,678.30

3.13. 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 balance sheet 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.

In addition, potential differences at the consolidated level between the carrying amount of the investee and its tax base are also considered. In general, these differences arise from cumulative results generated from the date the investee was acquired, the tax credits related to the investment, and foreign currency translation differences in the case of investees whose functional currency is not the euro. Deferred tax assets and liabilities arising from these differences are recognized except, in the case of differences in tax bases, where the investor can control the timing of the reversal, and, in the case of deductible differences, if the temporary difference is likely to reverse in the foreseeable future and the company is expected to have sufficient future taxable profits.

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.

Deferred income tax assets and liabilities are offset when, and only when, there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the current tax balances on a net basis.

Until 2018 the Parent filed its corporate income tax under the consolidated regime in Spain together with the parent of the corresponding tax group, Daruan Group Holding, S.L., and the remaining companies which make up said tax group (Daruan Group Holding, S.L. and subsidiaries) with tax identification number 0381/14. On December 16, 2019 the Parent carried out a private placement of a share package by virtue of which its majority shareholder, Daruan Group Holding, S.L., came to hold 68% of its share capital. Thus, and as a consequence of decreasing below 70% of interest held, the Parent and its Spanish subsidiaries no longer belong to the tax group Daruan Group Holding, S.L. and subsidiaries, and they must therefore file their corporation tax individually.

3.14. Recognition of income and expenses

a) General

Revenue from contracts with customers is recognized based on compliance with performance obligations with respect to customers in accordance with IFRS 15.

Ordinary revenue represents the transfer of promised goods or services to customers in an amount that reflects the consideration to which Grenergy expects to be entitled in exchange for those goods and services.

A five-step model is established for recognizing revenue:

1. Identifying the contract(s) with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the different performance obligations

5. Recognizing revenue in accordance with fulfillment of each obligation

Based on this recognition model, sales of goods are recognized when the products have been delivered to and accepted by the customer, even if they have not been invoiced or, where applicable, the services have been rendered and collection of the receivables is reasonably assured. Revenue for the year includes the estimates for construction projects executed but yet to be invoiced.

Expenses are recognized as accrued, immediately in the case of disbursements which will not generate future economic profit or when the requirements for recognizing them as an asset are not met.

Sales are measured net of taxes and discounts and Grenergy intra-group transactions are eliminated.

b) Income from construction contracts

For engineering, procurement, and construction contracts ("EPC contracts"), executed on land owned by third parties, the Group in general fulfills its performance obligations over a period of time and not at a specific moment, given that:

- The customer simultaneously receives and consumes the benefits generated by the entity's activity over the course of the service being rendered.

- The asset has no alternative use for the Group

- The Group has the enforceable right to payment for activities already completed to date. For these purposes the Company also takes into account the existence of resolutory clauses.

For EPC contracts, since there are no significant deviations in real costs compared to budgeted costs, Grenergy generally recognizes income based on the input or stage of completion methods, recognizing ordinary income based on efforts made or expenses incurred by the Group to meet its execution commitments as compared to total forecast costs for fulfilling the execution commitment. 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

Revenue from the sale of solar farms is recognized at the moment when control over the underlying goods and services related to performance of the contractual terms is transferred to the buyer.

Specifically, the sale of solar farms whose fixed assets are classified under "Inventories" (Note 3.11) is recognized under "Revenue" in the consolidated statement of profit or loss as the sum of the price of the photovoltaic park's shares, plus the amount of its net associated debt (total debt less working capital), while at the same time derecognizing the corresponding balance under "Inventories" with a charge to "Changes in inventory of finished goods and work in progress" in the consolidated statement of profit or loss. The difference between these two amounts is the operating profit on the sale.

For the sale of shares in solar farms deemed 100% ready to build, recognition takes place as soon as control over the underlying goods and services for the performance obligation have been transferred to the buyer and the sale is considered legally irrevocable. For these purposes the Group also takes into account the existence of resolutory clauses, amongst other matters.

d) Revenue from the rendering of services

Revenue from the 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.

3.15. Provisions and contingencies

At the date of authorization of the accompanying consolidated financial statements, the directors of the Parent made the following distinctions:

- Provisions*:* 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 which can be reliably estimated (Note 16).

- Contingent liabilities*:* 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. At 2020 and 2019 year end there were no contingent liabilities other than those disclosed in Note 16.

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 statement of profit or loss 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 statement of profit or loss when the obligations cease to exist or decrease.

Provisions for dismantling

The Group recognizes a provision to cover dismantling costs related to the photovoltaic 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 recognized as part of the corresponding asset's cost. The cash flows are discounted at a pre-tax discount rate that reflects the risks specific to the dismantling liability. The unwinding of the discount is recognized as a finance cost in the consolidated statement of profit or loss as incurred.

The estimated future dismantling costs are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Provisions are determined based on expected future discounted cash flows, using pre-tax market interest rates, and when appropriate, the risks specific to the liability, when the adjustment's effect is significant. When the discount method is used, the increased provision arising from the passage of time is recognized as a financial expense.

It is the Group's policy to recognize this provision when an installation becomes operational (Note 16).

3.16. 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 for amortization/depreciation, and possible impairment loss adjustments on said assets are as described in Note 3.4 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 statement of profit or loss for the year in which they are incurred.

3.17. Employee benefits expense

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, the Group is 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 year end the Company had no plan to reduce personnel that would require it to record a corresponding provision.

3.18. Share-based payments

Transactions in which a 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 provided by employees shall be measured at the fair value of said 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 on which the recognition requirements are met.

Thereafter, and until settlement, the corresponding liability shall be measured at fair value at each year end, and any changes in value during the year shall be recognized in the consolidated statement of profit or loss.

At December 31, 2020 and 2019 the Parent had granted various incentive plans to its employees consisting of a share option plan on its shares. Said plan establishes that the transactions shall be settled via delivery of equity instruments (Note 13.5).

3.19. Related-party transactions

As a general rule, related-party transactions are initially recognized 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 parties in which the Parent is involved, or the parent of a subgroup and its subsidiary (directly or indirectly owned), the items comprising the acquired business are recognized at their corresponding amounts, once the transaction has been carried out, in the consolidated financial statements of the Group or subgroup.

b) In the case of transactions between other related parties, 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.

3.20. 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 shares of the Parent held by the Group.

Diluted earnings per share are calculated by dividing the consolidated profit attributable to ordinary shareholders, adjusted by the impact of dilutive potential ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted by the weighted average number of ordinary shares that would be issued should all the potential ordinary shares be converted into ordinary shares of the Parent. To this end, it is assumed that conversion takes place at the beginning of the period or when the dilutive potential ordinary shares are issued in the event of issuance during the year.

4. Segmented financial reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Chief Executive Officer when taking operational decisions for Grenergy about resources to be allocated to the segment and assessing its performance, and for which discrete financial information is available.

The Group classifies the business segments in which it performs its 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 the start-up date has been reached (Commercial Operation Date - "COD") and which are therefore in the operational phase. It also encompasses asset management and O&M activities provided for internal IPP projects as well as those for third parties.

The distribution of revenue and EBITDA amongst the three business segments at the closing of 2020 and 2019 is as follows:

	Thousands of euros	
	2020	**2019**
Income		
Development and Construction	111,546	83,171
Energy	-	-
Services	1,886	1,358
Total income (*)	**113,432**	**84,529**

(*) Alternative performance measure (APM) See Appendix II.

	Thousands of euros	
	2020	**2019**
EBITDA		
Development and Construction	27,768	22,962
Energy	-	-
Services	173	101
Corporate	(4,251)	(4,592)
Total (*)	**23,690**	**18,471**

(*) Alternative performance measure (APM) See Appendix II.

The income shown in the above table includes the following headings in the accompanying consolidated statement of profit or loss: "Revenue;" "Work performed by the entity and capitalized;" and "Gains (losses) on disposals and other." The amount of income on the above table reflects 40,046 thousand euros during 2020, and 12,240 thousand euros during 2019, representing unrealized income with respect to third parties.

The Group did not generate any income from the sale of energy during 2020. However, the Quillagua solar farm obtained income from the sale of energy during its testing stage in the amount of 430 thousand euros, recognized as a lesser amount for the corresponding asset.

The amount shown above for EBITDA includes "Operating profit" less "Depreciation and amortization" and "Impairment losses" in the accompanying consolidated statement of profit or loss.

The total amount of income in 2020 and 2019, broken down by geographical location, is as follows:

	2020	2019
Chile	112,339	84,292
Spain	1,093	237
Total (thousands of euros)	**113,432**	**84,529**

During 2020 and 2019 the Group did not obtain income in the remaining countries where it holds assets as said assets are not operational yet.

The Group's assets and liabilities at December 31, 2020 and 2019 are shown below by geographical location:

Year ended December 31, 2020

ASSETS	Spain	Chile	Mexico	Peru	Colombia	Italy	Argentina	Total 12.31.2020
NON-CURRENT ASSETS	**14,491,517**	**76,504,932**	**553,714**	**37,072,433**	**353,423**	**2,499**	**40,519,766**	**169,498,284**
Intangible assets	81,063	5,709,366	-	-	-	-	3,352,258	9,142,687
Property, plant, and equipment	8,157,891	65,455,877	2,467	35,490,248	322,435	2,499	35,336,238	144,767,655
Right-of-use assets	1,481,667	2,160,585	-	1,578,158	-	-	63,593	5,284,003
Financial investments	48,588	31,393	2,837	4,027	-	-	-	86,845
Deferred tax assets	4,722,308	3,147,711	548,410	-	30,988	-	1,767,677	10,217,094
CURRENT ASSETS	**20,007,653**	**36,434,059**	**25,095,869**	**3,191,991**	**150,780**	**99,990**	**3,719,629**	**88,699,971**
Inventories	1,178,106	-	16,808,146	173,492	-	-	9,296	18,169,040
Trade and other receivables	5,258,936	29,179,657	2,934,392	1,945,908	57,946	-	3,378,147	42,754,986
Financial investments	6,359,339	12,388	-	88,065	932	-	-	6,460,724
Accruals	744,276	1,695	-	-	-	-	-	745,971
Cash and cash equivalents	6,466,996	7,240,319	5,353,331	984,526	91,902	99,990	332,186	20,569,250
TOTAL ASSETS	**34,499,170**	**112,938,991**	**25,649,583**	**40,264,424**	**504,203**	**102,489**	**44,239,395**	**258,198,255**

EQUITY AND LIABILITIES	Spain	Chile	Mexico	Peru	Colombia	Italy	Argentina	Total 12.31.2020
EQUITY	**58,296,125**	**(1,690,625)**	**(1,641,956)**	**(3,016,589)**	**(170,302)**	**(9,163)**	**(2,932,542)**	**48,834,948**
Capital and reserves	58,460,041	(1,691,084)	(1,598,449)	(2,853,563)	(170,302)	(9,163)	(2,932,542)	49,204,938
Share capital	8,507,177	-	-	-	-	-	-	8,507,177
Share Premium	6,117,703	-	-	-	-	-	-	6,117,703
Reserves	36,261,723	1,280,447	(2,317,986)	(802,965)	(128,326)	-	(2,381,325)	31,911,568
Profit (loss)	15,688,712	746,281	438,197	(1,469,224)	(47,938)	(9,163)	(113,548)	15,233,317
Treasury shares	(8,115,274)	-	-	-	-	-	-	(8,115,274)
Unrealized gains (losses) reserve	-	(3,717,812)	281,340	(581,374)	5,962	-	(437,669)	(4,449,553)
Minority interests	(163,916)	459	(43,507)	(163,026)	-	-	-	(369,990)
NON-CURRENT LIABILITIES	**32,227,146**	**58,559,539**	**119,857**	**24,308,294**	**-**	**-**	**28,302,906**	**143,517,742**
Provisions	-	907,853	-	-	-	-	2,513,295	3,421,148
Borrowings	32,228,565	55,877,365	-	23,638,331	-	-	22,760,891	134,505,152
Deferred tax liabilities	(1,419)	1,774,321	119,857	669,963	-	-	3,028,720	5,591,442
CURRENT LIABILITIES	**39,545,183**	**11,562,333**	**9,265,895**	**3,210,476**	**38,976**	**11,652**	**2,211,050**	**65,845,565**
Provisions	-	838,965	-	-	-	-	-	838,965
Borrowings	7,435,855	3,142,746	7,346,910	1,289,166	-	-	1,742,722	20,957,399
Trade and other payables	32,109,328	7,580,622	1,918,985	1,921,310	38,976	11,652	468,328	44,049,201
TOTAL EQUITY AND LIABILITIES	**130,068,454**	**68,431,247**	**7,743,796**	**24,502,181**	**(131,326)**	**2,489**	**27,581,414**	**258,198,255**

The Group initiated its activity in Italy during 2020.

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**

5. Business Combinations

On November 8, 2019, the Parent acquired 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 the 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 euros payable when either of the following takes place first: provisional reception of the built project (95 MW of nominal capacity), or 15 months subsequent to the closing date.

- 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 standardization 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 tap-off standardization cost was obtained based on a quote from an engineering company that will be responsible for execution.

Based on the above, and in accordance with IFRS, the cost of the business combination at December 31, 2019 was provisional and there was a period of 12 months from the acquisition date to complete said costs. There were no modifications to the cost of the business combination in 2020.

The cost of the business combination is as follows:

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

(1) The nominal capacity was not greater than 95MW.

(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 was not performed at December 31, 2020 and will be discounted from the deferred price, so that the debt payable to the subsidiary's sellers amounts to 1,933,001 euros and 2,148,330 euros at December 31, 2020 and 2019, respectively (Note 17).

The following assets and liabilities were identified during the acquisition of PEG:

	Net Carrying Amount	Fair Value
Plant	8,062,996	10,467,171
Development	-	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, the business combination generated a negative difference on consolidation:

	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 the fair value and the net carrying amount at the acquisition date of the installations and developments acquired.

The fair value of the installations was determined by an independent expert based on their replacement value and a physical review of the inventory, condition, and technical characteristics of the installations.

With respect to the developments, said valuation was carried out taking into account matters such as the project plant factor, the expected sales price for energy produced, the location of the project, the specific production close to 3,000 MWh/MW, as well as basically the market price of other similar installations. In addition, it is worth noting that one of the main aspects giving value to this development is the fact that this project was in the ready to build phase at the acquisition date.

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 in this heading of the accompanying consolidated statement of financial position during 2020 and 2019 were as follows:

	Land and buildings	Machinery and technical installations	Other plant, tools, and furniture	Other PP&E items	PP&E under construction	TOTAL
COST						
Balance at 12.31.2018	**-**	**1,755,540**	**548,039**	**97,307**	**16,339,779**	**18,740,665**
Business combination (Note 5)	-	-	-	-	10,467,171	10,467,171
Additions	-	282,857	706,545	79,145	44,633,916	45,702,463
Disposals, derecognitions, and reductions	-	-	(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**
Currency translation differences	-	-	(31,317)	-	(6,156,142)	(6,187,459)
Additions	17,011	306,597	332,032	57,348	80,720,695	81,433,683
Transfers	-	-	60,344,102	-	(61,055,940)	(711,838)
Disposals, derecognitions, and reductions	-	(34,955)	(143,746)	-	(387,615)	(566,316)
Balance at 12.31.2020	**17,011**	**2,310,039**	**61,598,945**	**155,809**	**84,561,864**	**148,643,668**
DEPRECIATION						
Balance at 12.31.2018	**-**	**(1,492,405)**	**(241,661)**	**(57,489)**	**-**	**(1,791,555)**
Allowance for the year	-	(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)**
Allowance for the year	-	(109,992)	(110,490)	(28,366)	-	(248,848)
Decreases	-	15,860	23,357	-	-	39,217
Balance at 12.31.2020	**-**	**(1,725,303)**	**(360,991)**	**(86,209)**	**-**	**(2,172,503)**
IMPAIRMENT						
Balance at 12.31.2018	**-**	**-**	**-**	**-**	**(2,174,486)**	**(2,174,486)**
Allowance for the year	-	-	-	-	(191,381)	(191,381)
Decreases	-	-	-	-	-	-
Balance at 12.31.2019	**-**	**-**	**-**	**-**	**(2,365,867)**	**(2,365,867)**
Allowance for the year	-	(49,481)	-	-	-	(49,481)
Decreases	-	-	-	-	711,838	711,838
Balance at 12.31.2020	**-**	**(49,481)**	**-**	**-**	**(1,654,029)**	**(1,703,510)**
Net carrying amount at 12.31.2019	**-**	**407,226**	**824,016**	**40,618**	**69,074,999**	**70,346,859**
Net carrying amount at 12.31.2020	**17,011**	**535,255**	**61,237,954**	**69,600**	**82,907,835**	**144,767,655**

The useful lives and depreciation criteria used for these items are disclosed in Note 3.3.

The main additions during 2020 and 2019 correspond to installations being constructed during both years for operation, and which were in progress at 2020 and 2019 year end.

There were no significant derecognitions during 2020 and 2019.

The transfers correspond to the net carrying amount for the "Quillagua" park, which at December 31, 2020 was finished and had been transferred to "Plant" in the amount of 59,909 thousand euros, and the net carrying amount for the development of a project which the Group has in Mexico which will be sold, so that it was reclassified to "Inventories" in the consolidated statement of financial position in the amount of 712 thousand euros.

A part of the balances recognized in the table above corresponds to the cost of the assets associated with the solar parks and wind farms. The breakdown by park/farm at 2020 and 2019 year end is as follows:

					Cost (Euros)	
Name of solar park/wind farm	**Technology**	**Country**	**Status**	**Capacity (MW)**	**12.31.2020**	**12.31.2019**
Kosten	Wind	Argentina	In progress	24	35,335,234	31,102,578
Duna & Huambos	Wind	Peru	In progress	36	34,032,521	15,011,985
Quillagua	Solar	Chile	Finished	103	60,344,103	19,358,155
Escuderos	Solar	Spain	In progress	200	4,185,327	642,584
Other developments	Solar	Spain/Chile/Peru/Colombia/Italy	In progress	-	9,354,753	2,959,697
TOTAL					**143,251,938**	**69,074,999**

Impairment losses

At the end of each reporting period, the directors evaluate whether there are any indications of impairment with respect to the photovoltaic solar installations or wind farms in an advanced stage of construction, except in the case of an event being detected which represents impairment, in which case the assessments are carried out more frequently. The Group uses, amongst other means, financial projections for each asset in order to perform these reviews. Said financial projections are structured in such a manner as to determine the costs of each project (both in the construction phase and the operational phase) and allow for the income to be projected over the entire life of the installation, given that most of them are regulated by long-term sales contracts.

At December 31, 2019 the Group recognized an impairment loss amounting to 2,366 thousand euros, mainly corresponding to various projects underway in Mexico as well as one in Chile. During the first quarter of 2020 the Group could continue with one of its projects in Mexico, having obtained the construction license, which had not been possible in prior years due to a moratorium declared by the municipality where the installations were located. Construction was initiated in July 2020, so that impairment losses recognized in prior years could be reversed in the amount of 711,839 euros, an amount recognized under "Impairment losses" in the accompanying consolidated statement of profit or loss.

Further, given the particular situation of Argentina which experienced annual inflation of approximately 36% in 2020 and the devaluation of the Argentine peso with respect to the US dollar by about 40%, as well as the economic and business environment resulting from COVID-19, an impairment test was performed on December 31, 2020 for the cash generating unit corresponding to the wind farm in Argentina.

The most sensitive issues included when evaluating the recoverable amount determined in accordance with value in use and applying the methodology described in Note 3.4, are as follows:

- Electricity produced: the production performance was estimated based on a study carried out by an independent expert.

- Price of electricity: the energy prices were determined based on the energy sales contract signed with a third party for a duration of 20 years. For subsequent years the price was determined based on the expected performance of price curves and experience of the markets where Grenergy operates.

- Operation and maintenance costs: these were determined based on the contracts signed and experience of the markets where Grenergy operates.

- No growth rates were used. The amount corresponding to 25% of the carrying amount of PP&E was used as the terminal value, without discounting (mainly the value of the connection rights, the site, and civil engineering work performed) at December 31, 2020.

- In addition, the discount rate used was 11.17%.

Test result

The recoverable amount calculated as value in use of the CGU is 41.5 million euros, greater than the net carrying amount of the CGU assets, so that it was not necessary to recognize any impairment losses.

A sensitivity analysis was performed for each of the following scenarios with regard to the key hypotheses:

- an increase in the discount rate by 100 basis points would result in impairment losses of 2,123 thousand euros.

- a decrease of 5% in electricity produced would result in impairment losses of 1,639 thousand euros

- A 5% increase in operating and maintenance costs would not result in any impairment losses being recognized.

For the remainder of the Group's assets recognized under PP&E, there are no indications of impairment at December 31, 2020 and 2019.

Fully depreciated assets

At 2020 year end, the Group held fully depreciated assets still in use under "Property, plant, and equipment" totaling 45,237 euros (2019: 30,035 euros).

Firm purchase and sale commitments

The Group has no commitments for buying or selling any of its items of PP&E in a significant amount. Assets corresponding to the Kosten wind farm; the Duna & Huambos wind farm; and the Quillagua solar park 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 breakdown and movements in this heading of the accompanying consolidated statement of financial position during 2020 and 2019 were as follows:

	Patents, licenses, trademarks, et al.	Software	TOTAL
COST			
Balance at 12.31.2018	**2,694,325**	**10,737**	**2,705,062**
Business combination (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**
Additions	4,310	28,237	32,547
Currency translation differences	(313,563)	-	(313,563)
Balance at 12.31.2020	**9,065,934**	**120,475**	**9,186,409**
AMORTIZATION			
Balance at 12.31.2018	**-**	**(7,644)**	**(7,644)**
Allowance for the year	-	(13,874)	(13,874)
Disposals, derecognitions, and reductions	-	-	-
Balance at 12.31.2019	**-**	**(21,518)**	**(21,518)**
Allowance for the year	(102)	(22,102)	(22,204)
Disposals, derecognitions, and reductions	-	-	-
Balance at 12.31.2020	**(102)**	**(43,620)**	**(43,722)**
Balance at 12.31.2019	**9,375,187**	**70,720**	**9,445,907**
Balance at 12.31.2020	**9,065,832**	**76,855**	**9,142,687**

The useful lives for these assets and the amortization criteria applied are disclosed in Note 3.4.

The additions recognized under "Patents, licenses, trademarks, and similar" mainly correspond to the fair value of the development acquired in the purchase of Parque Eólico Quillagua, SpA in the amount of 5,709,366 euros (Note 5).

Part of the balances recognized in the table above corresponds to the cost of the assets associated with the solar parks and wind farms. The breakdown by park/farm at 2020 and 2019 year end is as follows:

					Cost (Euros)	
Name of solar park/wind farm	**Technology**	**Country**	**Status**	**Capacity (MW)**	**12.31.2020**	**12.31.2019**
Kosten	Wind	Argentina	In progress	24	3,352,258	3,665,821
Quillagua	Solar	Chile	Finished	103	5,709,366	5,709,366
TOTAL					**9,061,624**	**9,375,187**

Impairment losses

The directors of the Group consider that there are no indications of any impairment losses on its intangible assets at 2020 and 2019 year end, and consequently did not recognize any impairment loss allowances for either year.

The balance totaling 3,352,258 euros under "Patents, licenses, trademarks, and similar" reflects the fair value of the development acquired when purchasing Kosten, S.A. (Argentina). The impairment test performed on the assets of the CGU corresponding to the wind farm in Argentina took the value of these licenses into account (Note 6).

Fully amortized assets

At 2020 and 2019 year end the Group's intangible assets included fully amortized assets still in use amounting to 6,160 euros.

Leases

At 2020 and 2019 year end the Group did not have any intangible assets under finance leases. Likewise, it did not have any operating lease agreements for any of its intangible assets either.

Firm sale and purchase commitments

The Group has no commitments to acquire or sell any intangible assets at significant amounts. Neither are any of its intangible assets affected by litigation or encumbered as guarantees to third parties.

8. Right-of-use assets and operating leases

8.1. Right-of-use assets

The breakdown for right-of-use assets as well as their movements for the years ended December 31, 2020 and 2019 are as follows:

Year ended December 31, 2020 (thousands of euros)

	Land	Offices	Transport equipment	Total
Balance at 12.31.2019	**2,880**	**1,506**	**178**	**4,564**
Additions	1,497	-	-	**1,497**
Currency translation differences	-	(192)	-	**(192)**
Depreciation allowance	(242)	(306)	(37)	**(585)**
Balance at 12.31.2020	**4,135**	**1,008**	**141**	**5,284**

Year ended December 31, 2019 (thousands of euros)

	Land	Offices	Transport equipment	Total
First-time application IFRS 16 at 01.01.2019	**176**	**1,223**	**183**	**1,582**
Additions	2,799	584	33	**3,416**
Depreciation allowance	(95)	(301)	(38)	**(434)**
Accrued interest	-	-	-	**-**
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 developments are being built.

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

"Transportation equipment" includes the rental contracts for certain transport items.

To determine the lease terms 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 were factored in. In the case of land the lease term ranges between 20 and 30 years, while for offices the lease term ranges between 3 and 7 years.

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 which were in force during 2020 and 2019, and which do not fall under the scope of IFRS 16 as they are short-term, are as follows:

Year ended December 31, 2020

Item	Lease maturity	Expense for the year (a)
		2020
Office rental (Spain)	2020	108,000
Office rental (Peru)	2020	18,216
Office rental (Argentina)	2020	6,175
Apartment rental (Chile)	2020	40,394
Other	2020	105,678
Total		**278,463**

a) *Monthly lease payments*

Year ended December 31, 2019

Item	Lease maturity	Expense for the year (a)
		2019
Office rental (Spain)	2020	108,000
Office rental (Chile)	2019	25,441
Office rental (Peru)	2020	10,479
Office rental (Argentina)	2020	7,469
Apartment rental (Chile)	2020	11,342
Apartment rental (Mexico)	2019	9,857
Other	2020	8,677
Total		**181,265**

a) *Monthly lease payments*

At 2020 and 2019 year end, the Group had the guarantees which were legally mandated by lessors totaling 86,845 euros and 86.924 euros, respectively (Note 9.1).

The breakdown of non-cancelable minimum future operating lease payments, broken down by maturities at 2020 and 2019 year end, is as follows:

	2020			2019		
	1 year	Between 1 and 5 years	More than 5 years	1 year	Between 1 and 5 years	More than 5 years
Office rental (Spain)	54,000	-	-	108,000	-	-
Office rental (Peru)	18,216	-	-	10,479	-	-
Office rental (Argentina)	6,175	-	-	7,469	-	-
Apartment rental (Chile)	40,394	-	-	7,616	-	-
Other	12,265	-	-	16,870	-	-
Total	**131,050**	**-**	**-**	**150,434**	**-**	**-**

None of the goods leased by the Group were sublet to third parties during 2020 and 2019.

9. Financial assets

9.1. Other financial investments

The movements during 2020 and 2019 in the different balances recognized under the headings for financial investments in the accompanying statement of financial position are as follows:

	Balance at 12.31.2018	Additions	Decreases	Balance at 12.31.2019	Additions	Decreases	Balance at 12.31.2020
Non-current investments							
Equity instruments	**-**	102,067	-	**102,067**	-	(102,067)	**-**
Other financial assets	**748**		(748)	**-**			**-**
Security deposits and guarantees	**91,989**	-	(5,065)	**86,924**	(79)	-	**86,845**
	92,737	102,067	(5,813)	**188,991**	(79)	(102,067)	**86,845**
Current investments							
Loans to companies	**2,236,465**	-	(2,236,465)	**-**	-	-	**-**
Other financial assets	**123,838**	6,873,062	(123,838)	**6,873,062**	-	(412,338)	**6,460,724**
	2,360,303	6,873,062	(2,360,303)	**6,873,062**	-	(412,338)	**6,460,724**
Total	**2,453,040**	**6,975,129**	**(2,366,116)**	**7,062,053**	**(79)**	**(514,405)**	**6,547,569**

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., and GR Guayacan S.p.A.). These loans were repaid in February 2019.

Other financial assets recognized under current assets at December 31, 2020 and 2019 correspond to short-term deposits at financial entities which bear interest at market rates.

The breakdown of the financial investments, based on how the Group manages them, is as follows:

Year ended December 31, 2020

	At fair value through profit or loss	Loans and receivables	Total
Non-current investments			
Equity instruments	-	-	-
Security deposits and guarantees	-	86,845	86,845
	-	**86,845**	**86,845**
Current investments			
Other financial assets	-	6,460,724	6,460,724
	-	**6,460,724**	**6,460,724**
Total	**-**	**6,547,569**	**6,547,569**

Year ended December 31, 2019

	At fair value through profit or loss	Loans and receivables	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 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**

The Company did not reclassify any financial assets amongst different categories nor did it assign or transfer any financial assets during 2020 or 2019.

At December 31, 2020 and 2019, the maturities of financial assets that are fixed or determinable by residual amounts have a duration of more than five years.

At December 31, 2020 and 2019 the Group had not delivered or accepted any financial assets as guarantees for transactions.

10. Inventories

The breakdown of inventories at December 31, 2020 and 2019 is as follows:

	12.31.2020			12.31.2019		
	Cost	Impairment losses	Balance	Cost	Impairment losses	Balance
Raw materials and other consumables	519,194	-	519,194	1,015,452	-	1,015,452
Plant under construction	16,532,772	-	16,532,772	7,777,484	-	7,777,484
Prepayments to suppliers	1,117,074	-	1,117,074	58,180	-	58,180
Total	**18,169,040**	**-**	**18,169,040**	**8,851,116**	**-**	**8,851,116**

At 2020 and 2019 year end, the Group recognized materials yet to be used in the solar parks under "Raw materials and other consumables" in the respective amounts of 519,194 euros and 1,015,452 euros.

The movements in inventories of raw materials and plant under construction during 2020 and 2019 were as follows:

	12.31.2019	12.31.2018
Balance at January 1	**8,792,936**	**9,647,193**
Changes in inventory of work in progress	8,755,288	(2,702,401)
Changes in inventory of raw materials	(496,258)	(99,857)
Closing balance	**17,051,966**	**8,792,936**

"Plant under construction" reflects a balance of 17,073,430 euros at December 31, 2020 (2019: 7,777,484 euros), which includes construction costs for one photovoltaic solar farm located in Mexico (San Miguel de Allende) meant for sale. During 2019 this heading included the construction costs for two photovoltaic solar farms located in Chile (Quinta and Sol de Septiembre) which were sold in the course of 2020.

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.

At December 31, 2020 and 2019, there were no inventories encumbered in guarantee of debts.

11. Trade receivables and customer advances

"Trade receivables" in the accompanying consolidated statement of financial position presents receivable balances from construction and sales of photovoltaic solar plants as well as income from operating and maintenance services rendered for photovoltaic solar plants.

At December 31, 2020, "Trade receivables" mainly records the amounts pending collection for the sale of photovoltaic solar plants in the amount of 29,939 thousand euros (2019: 14,211 thousand euros). At December 31, 2020, of the aforementioned amount, 21,844 thousand euros correspond to invoices pending issue in connection with "production executed and pending invoice" as a consequence of the positive difference between income recognized for each construction project and the amount invoiced for each such project (2019: 6,371 thousand euros).

At December 31, 2019 the Group signed purchase-sale agreements for shares which included resolutory clauses rendering the sale revocable. The corresponding amounts collected were classified as current liabilities under "Customer advances" in the accompanying consolidated statement of financial position, totaling 8,651,083 euros.

The breakdown of sales to external customers who were invoiced amounts equal to or greater than 10% of net turnover during 2020 and 2019 is the following:

	Euros	
Clients	**2020**	**2019**
AD CAPITAL TRALKA ENERGÍAS RENOVABLES	-	17,874,002
CARBONFREE CHILE, SPA	20,135,644	19,707,120
NEXTENERGY CAPITAL GROUP	29,475,999	-
SONNEDIX	679,392	12,392,620
DE ENERGIA, SPA	20,810,473	19,752,738
Total	**71,101,508**	**69,726,480**

At 2020 and 2019 year end, the Company did not consider any of its receivable balances as doubtful.

The carrying amounts of the Group's trade receivables are denominated in the following currencies (in euros):

	Euros	
	2020	2019
Euros	8,784	64,561
US dollars	29,665,586	11,360,948
Chilean pesos	583,593	993,531
Total	**30,257,963**	**12,419,040**

The entirety of balances reflected under this heading mature in the upcoming 12 months and the directors consider that the amount recognized in the accompanying consolidated statement of financial position with respect to said assets is in line with fair value.

12. Cash and cash equivalents

The breakdown for this heading at 2020 and 2019 year end is as follows:

	Balance at 12.31.2020	Balance at 12.31.2019
Cash in hand	20,569,250	28,773,087
Total	**20,569,250**	**28,773,087**

Of the amounts shown in the table above, at December 31, 2020 and 2019, 0 euros and 1,243,653 euros, respectively, correspond to current accounts pledged for obtaining guarantees.

13. Capital and reserves

13.1. Share capital

At Thursday, December 31, 2020 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 of the Parent 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, thus resulting in a value of 0.35 euros per share.

At December 31, 2020 the following shareholders of the Parent held a direct stake of more than 10% of share capital:

Shareholder	Number 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, 2020 and 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 the breakdown for aggregate balances and movements during 2020 and 2019. The breakdown and movements of the different balances comprising reserves are shown below:

	Balance at 12.31.2018	Increase	Decrease	Transfers	Balance at 12.31.2019	Increase	Decrease	Balance at 12.31.2020
Parent company reserves:								
Non-distributable reserves								
Legal reserve	729,187	-	-		729,187	718,203	-	1,447,390
Capitalization reserve	335,221	204,237	-	20,194	559,652	218,248	-	777,900
Unrestricted reserves:								
Voluntary reserves	12,032,951	12,732,727	(7,124,981)	836,371	18,477,068	15,453,092	-	33,930,160
Total reserves of the Parent	**13,097,359**	**12,936,964**	**(7,124,981)**	**856,565**	**19,765,907**	**16,389,543**	**-**	**36,155,450**
Reserves in consolidated companies	**(4,724,300)**	**2,771,589**	**(1,511,762)**	**(856,565)**	**(4,321,038)**	**77,156**	**-**	**(4,243,882)**
Total	**8,373,059**	**15,708,553**	**(8,636,743)**	**-**	**15,444,869**	**16,466,699**	**-**	**31,911,568**

Legal reserve

The legal reserve of the Parent was allocated in accordance with article 274 of the Spanish Corporate Enterprises Act, which states that in any event, companies must earmark an amount equal to 10% of profit for the year to a legal reserve until such reserve reaches at least 20% of share capital.

This reserve cannot be distributed, and can only be used to offset losses if no other reserves are available for this purpose. Any amount of the reserve used for this purpose must be restored with future profits.

Voluntary reserves

These reserves are freely distributable.

The gains or losses obtained on the purchase-sale of treasury shares are recognized directly under voluntary reserves. The increase in voluntary reserves in connection with this item recognized in 2020 totals 5,066,935 euros (2019: 2,110,720 euros).

Capitalization reserves

During 2017 the Parent set aside a capitalization reserve, with a charge to available reserves, corresponding to 10% of the increase in capital and reserves of 2016, in accordance with the stipulations of article 25 of Law 27/2014 of November 27, on Corporate Income Tax (Note 19).

This reserve will be restricted for a period of 5 years. During 2020 this reserve increased by 218,248 euros (2019: 204,237 euros), corresponding to 10% of the increase in capital and reserves of 2019.

13.4. Own equity instruments

At 2020 and 2019 year end the portfolio of own equity instruments is broken down as follows:

	Balance at 12.31.2020	Balance at 12.31.2019
Number of shares in treasury share portfolio	**484,345**	**556,815**
Total treasury share portfolio	**8,115,274**	**3,328,497**
Liquidity Accounts	200,518	31,770
Fixed Own Portfolio Account	7,914,756	3,296,727

During 2020 and 2019, the movements in this portfolio were as follows:

Year ended December 31, 2020

	Treasury shares		
	Number of shares	Nominal amount	Average acquisition price
Balance at 12.31.2019	**556,815**	**3,328,497**	**5.98**
Acquisitions	951,635	16,019,484	16.83
Disposals	(1,024,105)	(11,232,707)	10.97
Balance at 12.31.2020	**484,345**	**8,115,274**	**16.75**

Year ended December 31, 2019

	Treasury shares		
	Number of shares	Value of portfolio	Average acquisition 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**

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

At December 31, 2020 treasury shares represent 2% (2019: 2.3%) of all the Parent's shares.

13.5. Incentive plans for employees

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, 2020 the number of shares set aside for covering this plan totaled 0 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.

On June 2, 2016 a second granting of options was approved in the framework of the aforementioned incentive plan. At December 31, 2020 the number of shares set aside for covering this plan totaled 2,000 shares. The exercise price of the share options was established as 1.90 euros per share.

On November 27, 2018 a third granting of options was approved in the framework of the aforementioned incentive plan. At December 31, 2020 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.

On March 29, 2019 a fourth granting of options was approved in the framework of the aforementioned incentive plan. At December 31, 2020 the number of shares set aside for covering this plan totaled 55,700 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.

At December 31, 2020 there were 54,381 exercisable options (December 31, 2019: 54,445). In 2020, 52,668 options were exercised (2019: 263,333 options).

A new incentive plan was approved in October 2019 for certain executives and key personnel based on the granting of options on the Parent's shares.

Each year the beneficiary will have the right to exercise up to 25% of the options granted. The right to exercise shall be approved by the Commission for Appointments and Remuneration based on the beneficiary's compliance with the objectives established in the Remuneration Policy for Senior Management. The beneficiary can exercise the share options starting two years from their grant date and for a period of three years. The option's exercise price, which shall be set at the moment the option is granted by the Company, shall be made up of the quoted price on the corresponding market at the closing prior to the grant date and the average value of the quoted share price in the ninety sessions preceding the option grant date. The option can only be exercised if the beneficiary remains in the company. At December 31, 2020 the number of shares set aside for covering this plan totaled 56,165 shares, though no rights had been exercised at said date. The exercise price of the share options was established as 7.73 euros per share.

At September 28, 2020 a new incentive plan was approved based on the granting of options on the Parent's shares with similar characteristics to the previous plan. At December 31, 2020 the number of shares set aside for covering this plan totaled 134,513 shares, though no rights had been exercised at said date. The exercise price of the share options was established as 15.28 euros per share.

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.

13.6. Earnings (losses) per share

Basic

The basic earnings (losses) per share from continuing operations corresponding to the years ended December 31, 2020 and 2019 were as follows:

	Euros	
	12.31.2020	**12.31.2019**
Profit attributable to the shareholders of the Parent	15,233,317	11,436,955
Weighted average number of ordinary shares outstanding	23,785,641	23,583,725
Earnings (losses) per share	**0.64**	**0.48**

Basic earnings per share are calculated by dividing the profit attributable to the shareholders 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

Hedging transactions

These transactions correspond to the fair value at December 31, 2020 and 2019 of interest rate hedging instruments contracted by the Group (Note 17.5).

Currency translation differences

The breakdown of this heading in the consolidated statement of financial position for each company included in the consolidation scope is as follows:

	Original currency	12.31.2020	12.31.2019
GR RENOVABLES MEXICO S.A. DE C.V.	Mexican peso (MXN)	250,453	54,857
GRENERGY GREENHUB S.A. DE C.V.	Mexican peso (MXN)	18,704	6,956
GRENERGY PERU SAC	US dollar (USD)	18,307	(14,924)
GR PAINO SAC	US dollar (USD)	(292,449)	123,481
GR TARUCA SAC	US dollar (USD)	(307,232)	112,498
GRENERGY RENOVABLES PACIFIC, LTDA.	Chilean peso (CLP)	(335,494)	(640,845)
FAILO 3, LTDA.	Mexican peso (MXN)	1,112	6,522
GR COLOMBIA, SAS	Colombian peso (COP)	5,962	27,766
PARQUE EÓLICO QUILLAGUA, SpA	US dollar (USD)	(1,599,993)	(200,201)
GR PACIFIC OVALLE, LTDA.	Chilean peso (CLP)	(39,285)	(39,004)
ORSIPO 5 SOLAR	Mexican peso (MXN)	6,861	11,507
MESO 4 SOLAR	Mexican peso (MXN)	1,849	(1,383)
CRISON 2 SOLAR	Mexican peso (MXN)	428	136
ASTILO 1 SOLAR	Mexican peso (MXN)	2,238	(1,423)
MIRGACA 6 SOLAR	Mexican peso (MXN)	29	(27)
GRENERGY OPEX, SpA	Chilean peso (CLP)	1,145	(2,527)
GRENERGY POWER, SpA	US dollar (USD)	5,666	
GRENERGY ATLANTIC S.A.	US dollar (USD)	55,692	37,196
KOSTEN S.A.	US dollar (USD)	(493,696)	66,522
Total		**(2,699,703)**	**(452,893)**

15. Minority interests

The movements in this heading for each company were as follows:

Year ended December 31, 2020

	12.31.2019	Profit (loss)	Currency translation differences	12.31.2020
GR. Renovables Mexico, S.A.	(33,916)	(4,706)	4,201	(34,421)
Grenergy Perú SAC	(11,583)	(4,155)	336	(15,402)
GR Paino, SAC	31,106	(61,629)	(46,214)	(76,737)
GR Taruca, SAC	31,660	(55,909)	(46,637)	(70,886)
Grenergy Renovables Pacific, Ltda.	102	235	(1)	336
Failo 3, Ltda.	(2,693)	-	(5,410)	(8,103)
Grenergy Pacific Ovalle, Ltda.	130	-	(6)	124
Level Fotovoltaica S.L.	(163,778)	(138)	-	(163,916)
Meso 4 Solar	(506)	-	66	(440)
Crison 2 Solar	(46)	-	6	(40)
Astilo 1 Solar	(573)	-	75	(498)
Mirgaca 6 Solar	(9)	-	2	(7)
Total	**(150,106)**	**(126,302)**	**(93,582)**	**(369,990)**

Year ended December 31, 2019

	12.31.2018	Inclusions and exclusions of the consolidation scope	Other	Profit (loss)	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)**

The balance of "Profit (loss) attributed to minority interests" in the accompanying consolidated statement of profit or loss represents the share of said minority shareholders in consolidated profit (loss) for the year.

Appendix I includes a breakdown of Grenergy's investees, indicating their activity as well as the corresponding percentage of equity interest held and control.

No matters arose requiring complex judgment in the analysis performed to determine whether Grenergy exercises control over the consolidated entities given that Grenergy has the right to variable remuneration from its involvement in the investee as well as the ability to affect those returns through its power over the investee and the analysis was based on representation of Grenergy in the subsidiaries' Board of Directors and its participation in significant decisions. Further, in general, there are no significant restrictions, such as protective rights, with regard to the ability of Grenergy to access the assets or utilize them, as well as to settle liabilities.

16. Provisions and contingencies

The movements in this heading during 2020 and 2019 were as follows:

	Provision for penalties	Provision for delays	Provision for guarantees	Provision for dismantling costs	Total
Balance at 12.31.2018	**-**	**-**	**64,150**	**-**	**64,150**
Amounts provisioned	2,748,384	491,300	273,459	-	**3,513,143**
Amounts applied	-	-	-	-	**-**
Balance at 12.31.2019	**2,748,384**	**491,300**	**337,609**	**-**	**3,577,293**
Amounts provisioned	-	186,269	275,551	907,852	**1,369,672**
Currency translation differences	(235,089)	-	(254,501)	-	**(489,590)**
Amounts applied	-	(197,262)	-	-	**(197,262)**
Balance at 12.31.2020	**2,513,295**	**480,307**	**358,659**	**907,852**	**4,260,113**

Provision for penalties

This provision corresponds to the estimated penalties in connection with the commercial start-up of the Kosten wind farm, which arose from its electricity-production contract with Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA). In accordance with the aforementioned contract, the Group was committed to ensuring that the wind farm would be finished and start commercial operations on August 13, 2019. However, due to different circumstances and events, mainly the bankruptcy of its most significant subcontractor, the wind farm could not be completed. CAMMESA in turn has in general acknowledged the existence of force majeure as a consequence of the COVID-19 pandemic, suspending the calculation of deadlines from March 12, 2020 to December 31, 2020. The contractually established deadline has passed and the Group estimates that the commercial start-up will take place in the first quarter of 2021. At December 31, 2020, the Group's directors and its external as well as internal legal advisors considered the risk of having to pay the contractual penalties as likely, and thus decided to set aside a corresponding provision. The provision recognized had no effect on the consolidated statement of profit or loss as the Group executed certain guarantees issued in its favor which covered this circumstance with its main subcontractor. Notwithstanding the above, should CAMMESA finally decide to apply penalties to Grenergy for the delay, the directors of the Group consider there are legal grounds based on force majeure which could render the penalties void, and the pertinent legal steps would be taken to prevent the outflow of resources for the Group.

Provision for delays and provision for 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, 2020 and 2019 the Group recognized provisions with respect to these items based on its historical experience in the case of the guarantees and based on the contractual clauses in the case of delays.

Provision for dismantling costs

The Group recognizes a provision for dismantling costs when the construction period for the solar plants and wind farms ends. This provision is calculated by estimating the present value of the obligations assumed in connection with dismantling or retirement and other associated obligations, such as restoration costs for the location on which the solar plants were constructed. At December 31, 2020 this provision relates to the Quillagua plant in Chile which became operational in December 2020.

Legal proceedings and/or claim litigation underway

There were no significant legal proceedings underway during either 2020 or 2019. Both the Group's legal advisers as well as the Parent's directors believe that the finalization of said proceedings and claim litigation will not have a significant effect on the consolidated financial statements and notes thereto for the year ended December 31, 2020. Consequently, no provision was allocated in this respect.

17. Non-current and current borrowings

The breakdown of these headings in the consolidated statement of financial position at December 31, 2020 and 2019 is as follows:

	Non-current borrowings	Current borrowings	Total at 12.31.19	Non-current borrowings	Current borrowings	Total at 12.31.20
Bonds and other marketable debt securities	**21,539,686**	**-**	**21,539,686**	**21,496,590**	**151,920**	**21,648,510**
Bank borrowings	**41,764,740**	**4,953,157**	**46,717,897**	**106,608,483**	**16,716,858**	**123,325,341**
Loans	41,764,740	3,633,730	45,398,470	106,608,483	15,052,251	121,660,734
Credit lines	-	24,435	24,435	-	976,297	976,297
Foreign financing - current	-	1,294,992	1,294,992	-	688,310	688,310
Other financial liabilities	**208,249**	**3,342,401**	**3,550,650**	**156,189**	**3,054,370**	**3,210,559**
Derivatives	**-**	**654,429**	**654,429**	**2,044,363**	**352,692**	**2,397,055**
Finance lease payables	**3,726,447**	**692,217**	**4,418,664**	**4,199,527**	**681,559**	**4,881,086**
Total	**67,239,122**	**9,642,204**	**76,881,326**	**134,505,152**	**20,957,399**	**155,462,551**

The only liabilities recognized at fair value correspond to derivative financial instruments. Said recognition was carried out by discounting cash flows (Note 3.10).

The fair value of the remaining financial assets and liabilities does not differ significantly from their carrying amounts.

At December 31, 2020 and 2019, the breakdown of borrowings by residual maturities is as follows:

Year ended December 31, 2020

	Bonds and other marketable debt securities	Bank borrowings	Other borrowings	Finance lease liabilities	Total
Until 12.31.2021	151,920	16,716,858	3,054,370	681,559	**20,604,707**
Until 12.31.2022	-	7,481,951	156,189	593,063	**8,231,203**
Until 12.31.2023	-	7,988,150	-	487,288	**8,475,438**
Until 12.31.2024	21,496,590	8,551,282	-	478,039	**30,525,911**
Until 12.31.2025	-	7,301,516	-	416,365	**7,717,881**
More than 5 periods	-	75,285,585	-	2,224,772	**77,510,357**
Total	**21,648,510**	**123,325,341**	**3,210,559**	**4,881,086**	**153,065,496**

Year ended December 31, 2019

	Bonds and other marketable debt securities	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**

During 2020 and 2019 the Group complied with the payment of all its financial debt at maturity. Likewise, at the date of authorization of these consolidated financial statements the Group had complied with all obligations assumed.

The original currency of the carrying amounts recognized for non-current and current bank borrowings, both associated with photovoltaic solar farms and not associated, is as follows:

	Balance at 12.30.2020	Balance at 12.30.2019
Euros	12,368,358	1,840,654
US dollars	110,956,983	44,877,543
Total	**123,325,341**	**46,717,897**

The Group's exposure to credit entities in connection with changes in interest rates is as follows:

	Balance	One year	More than one year
At December 31, 2020			
Borrowings from credit entities at variable interest rates	1,664,607	1,664,607	-
At December 31, 2019			
Borrowings from credit entities at variable interest rates	1,319,427	1,319,427	-

The movement in financial debt during 2020, presenting the changes which generate cash flows separately from those which do not do so, is as follows:

		Generate cash flows		Do not generate cash flows		
	12.31.2019	**Increase**	**Decrease**	**Currency translation differences**	**Other**	**12.31.2020**
Bonds and other marketable debt securities	**21,539,686**	-	(43,096)	-	151,920	**21,648,510**
Bank borrowings	**46,717,897**	**79,720,703**	**(3,989,585)**	**635,458**	**240,868**	**123,325,341**
Loans	**45,398,470**	78,768,841	(3,382,903)	635,458	240,868	**121,660,734**
Credit lines	**24,435**	951,862	-	-	-	**976,297**
Foreign financing - current	**1,294,992**	-	(606,682)	-	-	**688,310**
Other financial liabilities	**3,550,650**	-	(52,060)	(288,031)	-	**3,210,559**
Derivatives	**654,429**	-	-	-	1,742,626	**2,397,055**
Finance lease liabilities	**4,418,664**	-	(692,217)	(366,960)	1,521,599	**4,881,086**
TOTAL	**76,881,326**	**79,720,703**	**(4,776,958)**	**(19,533)**	**3,657,013**	**155,462,551**

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" by virtue of which the Company may issue fixed-income securities in the medium and long term for a maximum nominal amount of up to 50,000,000 euros. Thus, in October 2019, the corresponding admission prospectus was prepared for the Alternative Fixed Income Market ("MARF") with a view to trading the bonds issued under the "Grenergy Renewables Fixed Income Program 2019" on said market during the period it is in force (one year from the date of the MARF admission prospectus).

In November 2019, the Parent carried out a bond issue under said program for a nominal amount of 22,000,000 euros, bearing 4.75% interest and maturing in November 2024. Interest accrued in 2020 totaled 1,197 thousand euros (2019: 174 thousand euros). The issue was validated by Vigeo Eiris in terms of environmental, social, and governance (ESG) criteria, in accordance with the directives contained in the Green Bond Principles.

The Annual Green Bond Report 2020 available for viewing on Grenergy's website provides public disclosure on the distribution of all funds obtained via the Green Bonds (22 million euros) exclusively for purposes of financing renewable energy projects, both solar and wind, as indicated in the Green Bond Framework. The report describes the project selection process, management of the funds, and the environmental benefits arising in connection with said financing. Further, said report was externally validated by Vigeo Eiris in order to ensure alignment with the Green Bond Principles and the initial commitments of Grenergy.

This bond issue is subject to fulfillment of a series of covenants, which had all been fulfilled at December 31, 2020 and 2019.

17.2. Bank borrowings

The breakdown of loans subscribed and their main contractual conditions at December 31, 2020 and 2019 is as follows:

Year ended December 31, 2020

				Euros		
Financial entity	**Maturity date**	**Type of guarantee**	**Installments**	**Non-current liabilities**	**Current liabilities**	**Total**
Banco Sabadell	10/20/2021	Corporate	Monthly	-	525,063	525,063
Banco Sabadell (USD)	4/19/2021	Corporate	Monthly	-	271,805	271,805
KFW Bank	7/31/2034	Project guarantee	Semi-annual	22,729,268	1,697,019	24,426,287
CAF-Banco de Desarrollo de América Latina & ICO	4/30/2036	Project guarantee	Semi-annual	17,670,352	939,385	18,609,737
Sinia Capital	11/30/2035	Project guarantee	Semi-annual	4,892,284	240,868	5,133,152
Banco Security, Banco del Estado de Chile, and Penta Vida Compañía de Seguros de Vida	11/8/2036	Project guarantee	Semi-annual	43,016,852	1,622,722	44,639,574
Sinia Renovables	11/8/2036	Project guarantee	Semi-annual	8,969,561	870,645	9,840,206
Banco Sabadell (ICO)	4/30/2025	Corporate	Monthly	2,516,504	483,496	3,000,000
Bankinter (ICO)	4/30/2025	Corporate	Monthly	1,719,892	280,108	2,000,000
BBVA (ICO)	5/13/2025	Corporate	Monthly	420,096	79,904	500,000
Bankia (ICO)	4/30/2025	Corporate	Monthly	1,823,566	344,434	2,168,000
Banco Santander (ICO)	4/30/2025	Corporate	Monthly	1,030,185	169,815	1,200,000
Caixabank (ICO)	4/30/2025	Corporate	Monthly	880,395	60,472	940,867
Banco Santander (ICO)	9/1/2025	Corporate	Monthly	939,528	119,605	1,059,133
CIFI Latam	12/30/2021	Project guarantee	Semi-annual	-	7,346,910	7,346,910
KFW Bank and Bankinter	8/31/2038	Project guarantee	Semi-annual	-	-	-
KFW Bank and Bankinter	8/31/2038	Project guarantee	Semi-annual	-	-	-
KFW Bank and Bankinter	8/31/2038	Project guarantee	Semi-annual	-	-	-
KFW Bank and Bankinter	8/31/2038	Project guarantee	Semi-annual	-	-	-
FOND-ICO INFRAESTRUCTURAS II, F.I.C.C. (AXIS)	10/31/2038	Project guarantee	Semi-annual	-	-	-
FOND-ICO INFRAESTRUCTURAS II, F.I.C.C. (AXIS)	10/31/2038	Project guarantee	Semi-annual	-	-	-
FOND-ICO INFRAESTRUCTURAS II, F.I.C.C. (AXIS)	10/31/2038	Project guarantee	Semi-annual	-	-	-
FOND-ICO INFRAESTRUCTURAS II, F.I.C.C. (AXIS)	10/31/2038	Project guarantee	Semi-annual	-	-	-
Natixis	12/31/2027	Project guarantee	Semi-annual	-	-	-
Total				**106,608,483**	**15,052,251**	**103,445,824**

The borrowings from credit entities in the above table accrue interest at market rates which oscillate between 1.75% and 9.5% depending on the characteristics of each loan.

Year ended December 31, 2019

				Euros		
Financial entity	**Maturity date**	**Type of guarantee**	**Installments**	**Non-current liabilities**	**Current liabilities**	**Total**
Banco Sabadell	10/20/2021	Corporate	Monthly	534,031	609,693	1,143,724
Banco Sabadell (USD)	4/19/2021	Corporate	Monthly	297,229	891,687	1,188,916
Banco Santander	4/10/2020	Corporate	Quarterly	-	673,827	673,827
KFW Bank (USD)	7/31/2034	Project guarantee	Semi-annual	22,961,222	1,458,523	24,419,745
CAF-Banco de Desarrollo de América Latina & ICO (USD)	4/30/2036	Project guarantee	Semi-annual	8,119,074		8,119,074
Sinia Capital (USD)	11/30/2035	Project guarantee	Semi-annual	-	-	-
Banco Security, Banco del Estado de Chile, and Penta Vida Compañía de Seguros de Vida (USD)	11/8/2036	Project guarantee	Semi-annual	-	-	-
Sinia Capital (USD)	11/8/2036	Project guarantee	Semi-annual	9,808,555	-	9,808,555
Total				**41,764,740**	**3,633,730**	**45,398,470**

The borrowings from credit entities in the above table accrue interest at market rates which oscillate between 1.75% and 9.5% depending on the characteristics of each loan.

Project finance

At December 31, 2020 the Group had entered into 10 project finance arrangements (2019: 4 project finance arrangements) for an approximate total amount of 232 million euros (2019: 127 million euros):

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

(ii) another two granted by CAF-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. for construction and operation of the Duna wind farm, and to the subsidiary GR Paino, S.A.C. for construction and operation of the Huambos wind farm, both located in Peru and each with a capacity of 18 MW;

(iii) project financing 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 for construction and operation of the Quillagua solar park in Chile with a capacity of 103 MW.

(iv) project financing granted by CIFI Latam to the subsidiary Green Hub for construction and operation of the San Miguel de Allende solar farm in Mexico with a capacity of 30MW; and

(v) another 4 project finance arrangements with KFW Bank, Bankinter, and FOND-ICO INFRAESTRUCTURAS II, F.I.C.C. financing the subsidiaries GR Aitana, S.L., GR Bañuela, S.L., GR Aspe, S.L. y GR Turbón, S.L. for construction and operation of the Escuderos solar farm in Spain with a capacity of 200MW.

(vi) one project finance arrangement with Natixis financing the construction and operation of 14 solar farms, corresponding to PMGDs and PMGs in Chile.

<u>Kosten project</u>

The project finance agreement with KFW Bank corresponds to a senior financing contract with a maximum principal amount of 31.7 million US dollars (25.8 million euros at the 2020 year end exchange rate) maturing on July 31, 2034 and repayable in semi-annual installments at an interest rate of 5%. At December 31, 2020 the Group was in compliance with the covenants established for this financing. This contract includes certain associated guarantees related to the Company's properties requiring compliance with certain commitments.

Duna & Huambos Project

In addition, during the construction of the Duna and Huambos wind farms, syndicated loan agreements were arranged during March 2019 for a maximum amount of 36.8 million US dollars (30 million euros at the 2020 year end exchange rate) with CAF-Banco de Desarrollo de América Latina and Spain's Instituto de Crédito Oficial (ICO), maturing on March 31, 2037 and with an all-in 6.79% interest rate. In addition, mezzanine loans (subordinated to senior financing) totaling 6 million US dollars (4.9 million euros at the 2020 year end exchange rate) were arranged with Sinia Capital, S.A. de C.V., maturing on November 30, 2035 and bearing a 9.50% interest rate. These contracts include certain associated guarantees related to the Company's properties requiring compliance with certain commitments.

Quillagua project

In November 2019, the Group arranged financing in the amount of 60.3 million US dollars (49.2 million euros at the 2020 year end exchange rate) with Banco Security, Banco del Estado de Chile, and Penta Vida Compañía de Seguros de Vida to build a solar farm with a capacity of 103 MW and an estimated production of 301 GW/hour in Quillaga. The structure of the borrowings correspond to a project finance arrangement, and includes financing of the senior debt within a period of 17 years. Sinia Renovables, SAU, wholly owned by Banco de Sabadell, S.A., also participates in financing the aforementioned solar farm via a mezzanine loan in the amount of 11 million US dollars (9 million euros at the 2020 year end exchange rate). This contract includes certain associated guarantees related to the Company's properties requiring compliance with certain commitments.

San Miguel de Allende project

In September the Group arranged bridge financing in the amount of 17.5 million US dollars (14.3 million euros at the 2020 year end exchange rate) with CIFI LATAM for construction of a solar farm in Mexico with a capacity of 30MW. This contract includes certain associated guarantees related to the Company's properties requiring compliance with certain commitments.

Escuderos project

In December 2020 the Group arranged financing in the amount of 96.7 million euros with KFW Bank and Bankinter for construction of a solar farm in Cuenca (Spain) with a capacity of 200MW. The structure of the borrowings correspond to a project finance arrangement, and includes financing of the senior debt within a period of 17 years. FOND-ICO INFRAESTRUCTURAS II, F.I.C.C., a fund in which AXIS is invested, also participates in financing said solar farm via a mezzanine loan amounting to 12.8 million euros. This contract includes certain associated guarantees related to the Company's properties requiring compliance with certain commitments.

PMGDs – PMGs in Chile

In December 2020 the Group arranged financing in the amount of 85 million US dollars (69.3 million euros at the 2020 year end exchange rate) with Natixis for construction of 14 solar farms corresponding to PMGDs and PMGs in Chile. This contract includes certain associated guarantees related to the Company's properties requiring compliance with certain commitments.

17.3. Credit facilities and discount lines

At December 31, 2020 and 2019 the Group had subscribed credit facilities and credit financing for foreign operations with various financial entities. The breakdown of the credit drawn at said dates together with the corresponding contractual terms is as follows:

Year ended December 31, 2020

		Euros		
Financial entity	**Maturity date**	**Credit limit granted**	**Amount drawn**	**Amount available**
SANTANDER	5/23/2023	650,000	-	650,000
SABADELL	5/10/2021	200,000	-	200,000
BANKINTER	10/20/2021	500,000	487,089	12,911
BBVA	4/29/2023	500,000	488,206	11,794
BANKIA (VISA)	Indefinite	3,000	-	3,000
BANCO SABADELL (VISA)	Indefinite	30,000	-	30,000
SECURITY (VISA)	Indefinite	8,000	1,002	6,998
Total credit facilities		**1,891,000**	**976,297**	**914,703**
SABADELL	Indefinite	13,500,000	688,310	2,675,128
SANTANDER	Indefinite	11,000,000	-	7,201,000
BANKIA	5/27/2021	11,000,000	-	5,750,129
BANKINTER	10/20/2021	12,700,000	-	1,873,290
CAIXABANK	1/23/2021	4,000,000	-	-
BBVA	3/1/2021	7,500,000	-	1,176,671
Total foreign financing		**59,700,000**	**688,310**	**18,676,218**
Total		**61,591,000**	**1,664,607**	**19,590,921**

Year ended December 31, 2019

		Euros		
Financial entity	**Maturity date**	**Credit limit granted**	**Amount drawn**	**Amount available**
BANKIA I	5/27/2020	100,000	-	100,000
BANKIA II	4/21/2020	1,500,000	-	1,500,000
SANTANDER	4/17/2020	300,000	-	300,000
SANTANDER II (PREVIOUSLY "POPULAR")	5/7/2020	200,000	-	200,000
SABADELL	5/10/2020	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)	5/27/2020	11,000,000	1,227,438	3,218,843
BANKINTER (USD)	Indefinite	11,000,000	-	5,531,739
CAIXABANK (USD)	1/23/2021	5,000,000	-	2,985,581
BBVA (USD)	3/1/2020	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**

The average annual interest rate on the credit facilities during 2020 and 2019 was 2.15% per year.

17.4. Other borrowings

At December 31, 2020 and 2019 the breakdown of other borrowings held by the Group was as follows:

Year ended December 31, 2020

					Euros		
Lender	**Maturity date**	**Interest rate**	**Type of guarantee**	**Installments**	**Non-current liabilities**	**Current liabilities**	**Total**
Spanish Center for the Development of Industrial Technology (CDTI)	5/12/2022	Zero interest	No	Monthly	156,189	52,060	208,249
Ministry of Economy and Competition	1/20/2021	Zero interest	No	Monthly	-	300	300
Other borrowings (Kosten)	-	-	-	-	-	1,069,009	1,069,009
Other borrowings (PEQ)	-	-	-	-	-	1,933,001	1,933,001
Total					**156,189**	**3,054,370**	**3,210,559**

Year ended December 31, 2019

					Euros		
Lender	**Maturity date**	**Interest rate**	**Type of guarantee**	**Installments**	**Non-current liabilities**	**Current liabilities**	**Total**
Spanish Center for the Development of Industrial Technology (CDTI)	5/12/2022	Zero interest	No	Monthly	208,249	52,060	260,309
Ministry of Economy and Competition	1/20/2021	Zero 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**

These balances correspond to the following:

- Amount pending payment at 2020 year end which was generated by the purchase of Kosten S.A., integrated into the Group during 2017.

- Amount pending payment at 2020 year end which was generated by the purchase of Parque Eólico Quillagua SpA, integrated into the Group in 2019 (Note 5).

- The amount pending payment at 2020 and 2019 year end on a zero interest rate 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."

Repayment of both 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 was paid in 2015.

17.5. Derivatives

The breakdown of derivative financial instruments at December 31, 2020 and 2019 is as follows:

	Non-current borrowings	Current borrowings	Total at 12.31.19	Non-current borrowings	Current borrowings	Total at 12.31.20
Financial liabilities - derivatives						
Interest rate hedges	-	654,429	654,429	2,044,363	352,692	2,397,055
Total	**-**	**654,429**	**654,429**	**2,044,363**	**352,692**	**2,397,055**

The derivative financial instruments recognized at December 31, 2020 and 2019 correspond to two interest rate swaps established to mitigate the effects of fluctuations in the 6-month Libor rate upon which finance expenses are established on loans contracted with banks to finance construction of the solar park included under Quillagua's "PP&E under construction." The notional amounts and fixed rates contracted at December 31, 2020 and 2019 are as follows:

Park/farm	Financial entity	Notional amount at 12.31.2020	Notional amount at 12.31.2019	Fixed rate
Quillagua	Banco Security	10,249,252	11,207,946	6.452%
Quillagua	Banco del Estado de Chile	10,249,252	11,207,946	6.452%

Under the terms of the swap, the Group pays interest at a fixed rate of 6.452% every six months and receives interest at a variable rate of 6-month Libor. The swap was designated as a cash flow hedge against interest rate risk associated with the loans denominated in US dollars granted by Banco Security and Banco del Estado de Chile. As the terms of the hedging instrument and the covered instrument are matched, it is considered an effective hedge.

17.6. Finance lease liabilities

Commencing January 1, 2019, due to the application of IFRS 16 "Leases," lease liabilities are treated as financial debt. The main liabilities recognized at December 31, 2020 and 2019 under this heading in the consolidated statement of financial position are as follows:
Year ended December 31, 2020

	Land	Offices	Transport equipment	Total
Non-current lease liabilities	3,345	750	104	4,199
Current lease liabilities	319	335	28	682
TOTAL (thousands of euros)	**3,664**	**1,085**	**132**	**4,881**

Year ended December 31, 2019

	Land	Offices	Transport equipment	Total
Non-current lease liabilities	2,521	1,074	132	3,727
Current lease liabilities	306	353	33	692
TOTAL (thousands of euros)	**2,827**	**1,427**	**165**	**4,419**

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

"Offices" includes the lease liabilities from the rental contracts for the office space in Spain and Chile.

"Transport equipment" includes the lease liabilities from the finance lease contracts for certain vehicles.

The incremental financing interest rate used by Grenergy arises from the homogeneous portfolio of leases, countries, and contractual durations. The weighted average incremental interest rate for FY 2020 was 2.25% in Spain and 5.04% in Chile.

The finance cost recognized in the consolidated statement of profit or loss corresponding to this item amounted to 137 thousand euros in 2020 and 107 thousand euros in 2019.

18. Joint operations

At December 31, 2020 the Group only participates in one joint operation which fulfills the conditions described in Note 3.1.2 and corresponds to the 34.02% investment made in AIE Renovables Nudo Villanueva de los Escuderos, A.I.E, incorporated during 2019 together with two other partners, with a view to building an electricity substation for use by the partners in various solar parks.

The contribution of this joint operation to the assets, liabilities, income, and expenses of Grenergy is as follows:

	12.31.2020	12.31.2019
Non-current assets	**821**	**-**
Property, plant, and equipment	821	-
Current assets	**189**	**-**
Trade and other receivables	144	-
Cash and cash equivalents	45	-
Current liabilities	**(170)**	**-**
Trade and other payables	**(170)**	**-**
Net assets (thousands of euros)	**840**	**-**

	12.31.2020	12.31.2019
Revenue	-	-
Other operating expenses	(118)	-
OPERATING PROFIT	**(118)**	**-**
PROFIT BEFORE TAX	**(118)**	**-**
CONSOLIDATED PROFIT (thousands of euros)	**(118)**	**-**

19. Public administrations and tax matters

The breakdown of balances with public administrations at December 31, 2020 and 2019 is as follows:

Receivable from public administrations	Non-current	Current	Balance at 12.31.2020	Non-current	Current	Balance at 12.31.19
Deferred tax assets	**10,217,094**	**-**	**10,217,094**	**3,497,950**	**-**	**3,497,950**
Current income tax assets	**-**	**-**	**-**	**-**	**16,112**	**16,112**
Other receivables from public administrations	**-**	**12,201,506**	**12,201,506**	**-**	**12,146,960**	**12,146,960**
Tax refunds receivable from the tax authorities	-	83,520	**83,520**	-	1,577,972	**1,577,972**
VAT receivable	-	12,117,986	**12,117,986**	-	10,568,988	**10,568,988**
Total	**10,217,094**	**12,201,506**	**22,418,600**	**3,497,950**	**12,163,072**	**15,661,022**

Payable to public administrations	Non-current	Current	Balance at 12.31.2020	Non-current	Current	Balance at 12.31.19
Deferred tax liabilities	**5,591,442**	**-**	**5,591,442**	**3,450,112**	**-**	**3,450,112**
Current income tax liabilities	**-**	**633,886**	**633,886**	**-**	**730,798**	**730,798**
Other payables to public administrations	**-**	**979,072**	**979,072**	**-**	**1,370,551**	**1,370,551**
VAT payable	-	593,034	**593,034**		977,065	**977,065**
Payable to the public treasury for withholdings	-	202,994	**202,994**		329,274	**329,274**
Social security agencies	-	183,044	**183,044**		64,212	**64,212**
Total	**5,591,442**	**1,612,958**	**7,204,400**	**3,450,112**	**2,101,349**	**5,551,461**

Tax matters

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.

Corporate income tax

The Parent has been filing its tax returns under a consolidated tax regime since 2012 together with other Group companies. The parent of the tax group was Daruan Venture Capital, S.C.R. during 2012 and 2013, and since 2014 the new parent of the tax group has been Daruan Group Holding, S.L. As indicated in Note 3.13, in 2019 the Parent and its Spanish subsidiaries left the tax group.

The reconciliation of consolidated accounting profit and corporate income tax, in accordance with the separate information for each company, is as follows:

Year ended December 31, 2020

	Statement of profit or loss		
	Increase	Decrease	Total
Pre-tax accounting profit			**15,501,649**
Permanent differences	117,595	-	117,595
Temporary differences	187,594	(4,930,361)	(4,742,767)
Capitalization reserve		(778,675)	(778,675)
Taxable income (Tax results)			**10,097,802**
Gross tax calculated at an average rate			2,857,677
Application of tax loss carryforwards			(2,452,561)
Expense (income) relating to tax associated with consolidation adjustments (*)			(10,482)
Expense (income) on profits			**394,634**

(*) Mainly corresponds to consolidation adjustments arising from the elimination of unrealized internal margins with respect to third parties.

Year ended December 31, 2019

	Statement of profit or loss		
	Increase	Decrease	Total
Pre-tax accounting profit			**14,099,760**
Permanent differences	279,710	(1,593)	278,117
Temporary differences	283,771	(360)	283,411
Capitalization reserve		(238,442)	(238,442)
Taxable income (Tax results)			**14,422,846**
Gross tax calculated at an average rate			4,182,625
Expense (income) relating to tax associated with consolidation adjustments (*)			(1,519,182)
Expense (income) on profits			**2,663,443**

(*) Mainly corresponds to consolidation adjustments arising from the elimination of unrealized internal margins with respect to third parties.

While the theoretical tax rates vary depending on the different locations, the main rates applied for both FY 2020 and FY 2019 were as follows:

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

(*) 25% from 2021 onwards

Deferred tax assets and liabilities

The difference between tax expense for the year and previous years, and that which is already paid or is payable for said periods is recognized under "Deferred tax assets" or "Deferred tax liabilities," as appropriate. Said deferred taxes were calculated by applying the prevailing nominal tax rate to the corresponding amounts.

The breakdown and movements in this item in the accompanying consolidated statement of financial position at December 31, 2020 and 2019 is as follows:

		Recognized in profit or loss				Recognized in profit or loss			
	Balance at 12.31.2018	Additions	Business combinations	Derecognitions	Balance at 12.31.2019	Additions	Currency translation differences	Derecognitions	Balance at 12.31.2020
Deferred tax assets	**956,594**	**742,802**	**1,934,343**	**(135,789)**	**3,497,950**	**7,889,283**	**(611,757)**	**(558,382)**	**10,217,094**
Tax loss carryforwards pending offset	247,987	-	1,934,376	(135,789)	2,046,574	2,452,561	(611,757)	-	3,887,378
Tax deductions pending application	33	-	(33)	-	-	-	-	-	-
Temporary differences	708,574	742,802	-	-	1,451,376	5,436,722	-	(558,382)	6,329,716
Deferred tax liabilities	**-**	**344,032**	**3,107,111**	**(1,031)**	**3,450,112**	**2,141,330**	**-**	**-**	**5,591,442**
Permanent differences, adjustments on consolidation	-	-		-	-	-	-	-	-
Temporary differences	-	344,032	3,107,111	(1,031)	3,450,112	2,141,330	-	-	5,591,442
Total	**956,594**	**398,770**	**(1,172,768)**	**(134,758)**	**47,838**	**5,747,953**	**(611,757)**	**(558,382)**	**4,625,652**

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 and Parque Eólico Quillagua business combinations (Note 5).

Different Group companies were engaged in the construction of the solar farms which the Group has mainly recognized under "PP&E" (Note 6) and "Inventories" (Note 10) at December 31, 2020 and 2019, as applicable. The unrealized gains arising from said transactions are eliminated, generating a positive tax effect with respect to said unrealized gains, which will mostly be recovered in the year in which the interests in the subsidiaries who own these installations are sold or via their depreciation/amortization. Thus, at December 31, 2020 the deferred tax assets recognized in connection with this item amount to 5,085 thousand euros.

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

Tax loss carryforwards pending offset

Deferred tax assets for unused loss carryforwards are recognized to the extent that, based on the Group's future business plans, it is probable that future taxable profit will be available against which these assets may be utilized.

At 2020 and 2019 year end the breakdown of tax loss carryforwards yet to be applied, by company, is as follows:

Thousands of euros	12.31.2020	12.31.2019
LEVEL FOTOVOLTAICA, S.L.	328	323
GR PACIFIC OVALLE, LTDA.	1,017	1,017
GRENERGY PERU SAC	406	783
GR TARUCA	112	-
GR PAINO	171	-
GR RENOVABLES MEXICO S.A.	347	1,559
GREEN HUB	174	-
GRENERGY COLOMBIA SAS	129	145
GRENERGY ATLANTIC S.A.	263	101
FAILO 3, LTDA.	14	18
PARQUE EÓLICO QUILLAGUA, SpA	7,291	7,164
KOSTEN SA	7,049	477
Total	**17,301**	**11,587**

Of the balances presented in the above table, at December 31, 2020 only the tax loss carryforwards corresponding to the subsidiaries Kosten, S.A. (Argentina), GR Renovables México, S.A. (Mexico), and Parque Eólico Quillagua, SpA (Chile) have been applied. The recovery of these tax assets is reasonably assured given that they correspond to companies expected to generate recurring profits in the coming months after becoming operational.

The limits to their application are broken down as follows:

Country	Tax rate
Chile	No limit
Argentina	4 years
Mexico	No limit

20. Income and expenses

Cost of sales

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

	12.31.2020			12.31.2019		
	Acquisitions	**Changes in inventories**	**Total consumption**	**Acquisitions**	**Changes in inventories**	**Total consumption**
Consumption of goods for resale	88,518,227	(496,258)	88,021,969	62,674,701	(99,857)	62,574,844
Work performed by third parties	4,560	-	4,560	13,507	-	13,507
Total	**88,522,787**	**(496,258)**	**88,026,529**	**62,688,208**	(99,857)	**62,588,351**

The breakdown of the purchases recorded in the accompanying consolidated statement of profit or loss is as follows:

	12.31.2020	12.31.2019
Spain	34,927,633	8,557,104
Imports	53.595,154	54,131,104
Total	**88,522,787**	**62,688,208**

Employee benefits expense

The breakdown of this heading in the consolidated statement of profit or loss for 2020 and 2019 is as follows:

	12.31.2020	12.31.2019
Wages and salaries	4,748,670	4,011,197
Social security payable by the Company	906,926	707,907
Other social security expenses	67,767	64,912
Total	**5,723,363**	**4,784,016**

The average number of employees, by professional category, in 2020 and 2019, was as follows:

Category	2020	2019
Directors and Senior Management	9	7
Department directors	23	16
Other	129	64
Total	**161**	**87**

The breakdown by gender of employees, directors, and senior management at 2020 and 2019 year end, is as follows:

	12.31.2020			12.31.2019		
Category	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Directors and Senior Management	6	3	**9**	6	3	**9**
Department directors	21	5	**26**	13	4	**17**
Other	120	37	**157**	95	29	**124**
Total	**147**	**45**	**192**	**114**	**36**	**150**

The Group had no employees under contract with disabilities greater than or equal to 33% during 2020 or 2019.

External services

The breakdown of this heading in the consolidated statement of profit or loss for 2020 and 2019 is as follows:

Type	2020	2019
Leases	278,463	150,434
Repairs and maintenance	201,633	155,891
Professional services	1,935,053	1,966,538
Transportation	0	10,533
Insurance	139,074	188,951
Bank services	265,419	269,910
Advertising and publicity	79,505	156,531
Supplies	169,227	168,216
Other	903,981	961,074
Taxes	167,514	53,188
Losses on, impairment of, and change in trade provisions	512,223	764,759
Total	4,652,092	**4,846,025**

"Professional services" at December 31, 2019 in the above table includes an amount of 551 thousand euros corresponding to the expenses incurred for admission to trading the Parent's shares on the Stock Exchanges of Barcelona, Bilbao, Madrid, and Valencia, and their inclusion on the Spanish electronic trading platform.

"Other" mainly includes expenses incurred when changing offices in Spain and Chile during 2019, as well as personnel travel expenses during 2020 and 2019.

Finance income and expenses

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

	12.31.2020	12.31.2019
Income	**206,043**	**55,019**
Interest from other financial assets	206,043	55,019
Expenses	**(2,627,759)**	**(1,141,769)**
Interest on borrowings	(2,627,759)	(1,141,769)
Exchange gains (losses)	**(5,242,447)**	**(2,307,056)**
Impairment of and gains (losses) on disposal of financial instruments	**-**	**(25,000)**
Impairment and losses	-	(25,000)
Finance cost	**(7,664,163)**	**(3,418,806)**

Negative exchange differences in 2020 mainly correspond to the depreciation of the US dollar against the euro.

Negative exchange differences during 2019 are mainly the result of the significant depreciation of the Argentine peso against the US dollar given the balances receivable from Argentina's public authorities.

The breakdown for currency translation differences by currency at December 31, 2020 and 2019 is as follows:

	Euros	
	2020	2019
US dollar (USD)	(2,192,212)	(20,657)
Argentine peso (ARS)	(1,865,775)	(1,558,966)
Peruvian sol (PEN)	(301,760)	297,017
Chilean peso (CLP)	(1,219,778)	(1,110,038)
Mexican peso (MXN)	337,723	77,813
Colombian peso (COP)	(645)	7,775
Total	**(5,242,447)**	**(2,307,056)**

21. Foreign currency

The breakdown of transactions carried out in foreign currency during 2020 and 2019 is as follows:

Year ended December 31, 2020

	12.31.2020						
	Corresponding amounts in euros						
	US Dollars	**Chilean pesos**	**Peruvian soles**	**Mexican pesos**	**Argentinean pesos**	**Colombian pesos**	**Total**
Sale of goods	71,499,624	-	-	-	-	-	71,499,624
Services rendered	-	1,683,770	-	-	-	-	1,683,770
Total	**71,499,624**	**1,683,770**	**-**	**-**	**-**	**-**	**73,183,394**
Acquisitions	(46,555,162)	(22,186,113)	-	-	-	-	(68,741,275)
Work performed by third parties	-	(4,560)	-	-	-	-	(4,560)
Receipt of services	(110,965)	(1,486,026)	(304,238)	(104,671)		(85,728)	(2,091,628)
Total	**(46,666,127)**	**(23,676,699)**	**(304,238)**	**(104,671)**	**-**	**(85,728)**	**(70,837,463)**

Year ended December 31, 2019

	12.31.2019						
	Corresponding amounts in euros						
	US Dollars	**Chilean pesos**	**Peruvian soles**	**Mexican pesos**	**Argentinean pesos**	**Colombian pesos**	**Total**
Sale of goods	70,931,791	-	-	-	-	-	70,931,791
Services rendered	-	1,120,742	-	-	-	-	1,120,742
Total	**70,931,791**	**1,120,742**	**-**	**-**	**-**	**-**	**72,052,533**
Acquisitions	(39,809,633)	(14,321,471)	-	-	-	-	(54,131,104)
Work performed by third parties	-	(13,507)	-	-	-	-	(13,507)
Receipt 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)**

22. Environmental disclosures

One of the characteristic phases in the development of a renewable energy project, whether solar or wind, is the performance of environmental impact studies and the issuing of environmental impact statements for particular installations. The main objective in said studies and statements is to measure and reduce the real impact on the environment arising from execution of any project.

Competent authorities in the different countries in which the Group operates are in charge of preventing environmental damage. Thus, assessment of the environmental impact of any activity allows the Group to introduce an environmental dimension to the design and execution of the projects and activities which it performs in each country. This assessment allows for certification that the initiatives, both in the private and public sectors, are in compliance with the applicable environmental requirements.

Though there are various types of environmental impact, they can mainly be classified into three different types in accordance with their origin: (i) environmental impact provoked by the use of natural resources; (ii) environmental impact provoked by contamination; and (iii) environmental impact provoked by the occupation of land.

The Group's projects are generally affected by the environmental impact of land occupation. Thus, at the outset of any project, land is searched for and located whose essential characteristics will not be modified by execution of the project in question or which may even be improved from an environmental point of view.

Another effect on the environment which could impact the Group's PP&E is contamination given the nature of the machinery used in carrying out its activities. In this regard, those responsible for executing any stage in the development of a project always seek to optimize the organization of equipment, adapting it to the surroundings.

Depending on each project, the Group hires different consultants and specialized engineering firms to conduct environmental studies which are subsequently reviewed by the competent authorities. Once said studies have been analyzed in detail by the competent authority, a decision is taken as to the appropriateness of performing the activity being assessed, determining the conditions and measures necessary for adequately protecting the environment and the natural resources associated with the project.

In accordance with prevailing legislation, the Group controls the degree of contamination generated while pursuing an appropriate waste disposal policy.

23. Related-party transactions

23.1. Related-party transactions and balances

In addition to Group entities and associates, the Group's related parties also include the 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.

At 2020 and 2019 year end, the debit and credit balances the Parent holds with related parties are broken down as follows:

	Parent company	Other related parties	Total 12.31.2020	Parent company	Other related parties	Total 12.31.2019
Assets						
Loans to related companies	-	-	**-**	40,512	-	**40,512**
	-	**-**	**-**	**40,512**	**-**	**40,512**
Liabilities						
Suppliers, related companies	-	-	**-**	-	(5,436)	**(5,436)**
	-	**-**	**-**	**-**	**(5,436)**	**(5,436)**

The balances with related parties at December 31, 2020 and 2019 are comprised of the following:

- Loans to related companies: reflects the debt some Group companies hold with the parent of the tax group (Daruan Group Holding) for corporate income tax corresponding to FY 2019.

- "Suppliers, related companies" for FY 2019: reflects the debt pending payment for the fees invoiced by other Group companies at each year end.

The breakdown of transactions performed with related parties in 2020 and 2019 is as follows:

	12.31.2020		12.31.2019	
	Parent company	**Other related parties**	**Parent company**	**Other related parties**
Expenses	**(194,531)**	**(503,040)**	**(121,837)**	**(234,059)**
Leases	(194,531)	(112,844)	(121,837)	(114,059)
Other purchases	-	(377,195)	-	-
Services received	-	(13,001)	-	(120,000)

The transactions with related parties carried out during 2020 and 2019 relate to the normal course of the Group's business and were generally carried out on an arm's length basis:

- Renting the offices at Rafael Botí 2 by Nagara Nur, S.L. for an amount of 112,844 euros and 114,050 euros in 2020 and 2019, respectively.

- Renting the offices at Rafael Botí 26 by Daruan Group Holding, S.L.U. for an amount of 194,531 euros in 2020 (2019: 121,837 euros).

- Purchases of health care materials from Marp Marketing y Producto, S.A. in 2020 for an amount of 268,034 euros.

- Management fees invoiced by Daruan Venture Capital for an amount of 120,000 euros in 2019.

23.2. Disclosures relating to the directors and senior management

During 2020 and 2019 the Parent did not extend any advances or credit to its directors, nor did it 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 amounts accrued by members of the Board of Directors during 2020 and 2019 was the following:

Type of remuneration	2020	2019
Remuneration for membership of Board and/or Board committees	138,000	82,286
Salaries	155,000	60,000
Variable remuneration in cash	123,462	60,000
Share-based remuneration schemes	232,735	-
Other	15,905	7,401
TOTAL	**665,102**	**209,687**

The directors of the Parent are covered by a civil liability insurance policy for which the Parent disbursed a premium of 24 and 19 thousand euros in 2020 and 2019, respectively.

The amounts accrued by senior management corresponding to fixed remuneration, variable annual remuneration, and other items, amounted to 320,588 euros in 2020 (2019: 1,164,834 euros).

23.3. Other disclosures relating to the directors

At the date of authorization of these consolidated financial statements, none of the Parent's directors notified its Board of any conflicts of interest, direct or indirect, with those of the Group in connection with said members themselves or any persons to whom article 229 of the Spanish Corporate Enterprises Act refers.

The directors did not carry out any related-party transactions outside the ordinary course of activities or transactions which were not carried out on an arm's length basis with the company or Group companies during the years 2020 and 2019.

24. Other disclosures

24.1. 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 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 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 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, Peru, and Italy), 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 O&M and AM services

With respect to those projects for which Grenergy performs 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 in arrears and payments 30 days subsequent to the issuing of each invoice.

The percentage of allowances for insolvencies was zero during 2020 and 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, 2020 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, mainly corresponding to expenses incurred for consumables required in construction activities and investments in development projects, were also denominated 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.

COVID-19 provoked great instability in the currency markets, especially in those of emerging markets. Specifically, with respect to the emerging markets in which the Group operates, the depreciation of currencies (Chilean peso, Peruvian sol, and Mexican peso) was very pronounced.

In spite of this scenario, the impact of this depreciation on the Group's results was always under control, maintaining itself within the established risk limits and allowing for a significant mitigation of the impact.

Likewise, the diversification of the Group in different geographical markets and the high business volume in strong currencies such as the euro or the US dollar represents a mitigating factor which stabilizes the Group's results.

If at December 31, 2020 the euro had been devalued/revalued by 10% with respect to the other functional currencies, with the remaining variables constant, equity would have been 9,577 thousand euros more or 8,705 thousand euros less, respectively (2019: 5,833 thousand euros more or 5,384 thousand euros less, respectively) due to the effect of the equity contributed by the subsidiaries who operate with a functional currency other than the euro. The breakdown by currency is as follows:

	Euros			
	12.31.2020		12.31.2019	
	10%	-10%	10%	-10%
US dollars (USD)	(4,618,704)	5,080,574	(3,181,140)	3,499,254
Chilean peso (CLP)	(2,600,693)	2,862,257	(1,145,800)	1,260,452
Other	(1,485,788)	1,634,198	(1,020,963)	1,123,059
Total	**(8,705,185)**	**9,577,029**	**(5,347,903)**	**5,882,765**

If the average exchange rate of the euro during 2020 had been devalued/revalued by 10% with respect to the other functional currencies, with the remaining variables constant, profit before taxes for the period would have been 469 thousand euros less or 453 thousand euros more, respectively (2019: 562 thousand euros less or 580 thousand euros more, respectively), mainly due to the result of converting the profit or loss statement to euros. The breakdown by currency is as follows:

	Euros			
	12.31.2020		12.31.2019	
	10%	-10%	10%	-10%
US dollars (USD)	(329,165)	299,241	(200,336)	182,123
Chilean peso (CLP)	(153,715)	169,087	(284,138)	312,552
Other	13,726	(15,099)	(77,361)	85,097
Total	**(469,154)**	**453,229**	**(561,835)**	**579,772**

Liquidity risk

Liquidity risk refers to the possibility that the Group may 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 these 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.

During the early stages of the effects arising from COVID-19 and until the central banks started implementing measures for injecting liquidity to stabilize markets, liquidity squeezes arose, mainly affecting entities with poor ratings.

The Grenergy Group's liquidity position was sound prior to the situation arising from COVID-19, which ensured that the Group was not at risk of failing to comply with its commitments.

However, and with a view to guaranteeing liquidity should there be an additional deterioration in the generation of cash by the businesses, the sources for liquidity were expanded, ensuring that even in an environment of low liquidity the Grenergy Group would receive support from banking entities at competitive prices. This was evidenced by the signing of long-term loans for an amount of 14.3 million euros during 2020, all of which were granted by Spanish credit entities and included in the ICO-COVID credit lines (Note 17).

At December 31, 2020 the Grenergy Group's liquidity position was sound, including sufficient cash and available credit lines to cover its liquidity requirements comfortably even in the case of a major contraction of markets.

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 Grenergy'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.

If during 2020 and 2019 the average borrowings referenced to variable rates had been 10 basis points higher/lower, with the remaining variables constant, profit after tax for the corresponding period would not have experienced significant changes given that approximately 95% of the Group's borrowings are referenced to a fixed rate. Thus, the Group considers that exposure to interest rate risk is not great.

Environmental risks

During the development phase of the renewable energy projects, either solar or wind, the Group carries out Environmental Impact Assessments systematically. These assessments include a description of all project activities susceptible of having an impact during the life of the project, from civil engineering work up to dismantling activities, and a complete study on alternatives for the installations and its evacuation lines is also performed. It further includes an environmental inventory which discloses the characteristics relating to air, soil, hydrology, vegetation, fauna, protected items, the countryside, heritage items, and socio-economic factors. The main objective is to identify, quantify, and measure all the possible impacts on the natural and socio-economic environment as well as the activities which give rise to them throughout the life the project, and also to define the preventative, corrective, and compensatory measures with regard to said impacts.

Once the environmental permits have been obtained from the competent authority in the form of an Environmental Impact Statement and the initial construction phase of the projects has started, the Environmental Monitoring Programs are initiated and continued until the dismantling phase of the projects. These Programs constitute the system which guarantees compliance with the protective measures defined and with respect to those incidents which may arise, allowing for detection of deviations from foreseen impacts and detection of new unexpected impacts, as well as recalibrating the proposed measures or adopting new ones. These Programs also permit Management to monitor compliance with the Environmental Impact Statement efficiently and systematically as well as other deviations which are difficult to foresee and may arise over the course of the construction work and functioning of the project.

The Group contracts specialized professional services for each project in order to perform the Environmental Impact Assessments and execute the Environmental Monitoring Programs together with the periodic associated reporting, adding transparency and rigor to the process. Likewise, environmental management plans are established which comprise all the possible specific plans developed in a complementary manner, such as in the case of landscape restoration and integration plans or specific plans for monitoring fauna.

The Group's projects are generally affected by the environmental impact of land occupation. Thus, the land selection phase plays a fundamental role and the Group searches for and locates land using a system for analyzing current environmental values with a view to minimizing environmental impact.

24.2. Guarantee commitments to third parties

At 2020 year end, the Group had provided guarantees to third parties in the amount of 40,928,603 euros (2019: 45,286,171 euros), which were chiefly arranged for presentation in public renewable energy tenders and auctions.

Given that the aforementioned guarantees were basically granted with a view to ensuring compliance with contractual obligations or investment commitments, the events which could lead to their execution, and thus a cash outflow, would be non-compliance on the part of Grenergy with regard to its obligations related to the ordinary course of its activities, which is considered unlikely. Grenergy considers that any unforeseen liabilities at December 31, 2020 that may arise in connection with the aforementioned guarantees, would in any case not be significant.

24.3. Audit fees for the auditors and related entities

The fees accrued for professional services rendered by Ernst & Young, S.L. during 2020 and 2019 are broken down as follows:

	2020		*2019*	
Categories	*Services rendered by the auditor of accounts and related companies*	*Services rendered by other auditors of the Group*	*Services rendered by the auditor of accounts and related companies*	*Services rendered by other auditors of the Group*
Audit services (1)	*100,875*	*62,100*	*99,250*	*51,150*
Other assurance services (2)	*3,500*	-	*32,500*	*1,800*
Total audit and related services	***104,375***	***62,100***	***131,750***	***52,950***
Other (3)	*40,267*	*2,000*	-	-
Total other professional services	***40,267***	***2,000***	**-**	**-**
Total professional services	***144,642***	***64,100***	***131,750***	***52,950***

(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: These services mainly correspond to the review work performed and the Comfort Letter issued in connection with the green bonds in 2019.

(3) Other: These services correspond to the advisory work performed in connection with ESG matters.

24.4. Information on average payment periods to suppliers

The following table presents the disclosures required by final provision two of Law 31/2014, of December 3, prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of January 29, 2016 on the disclosures to be included in notes to financial statements with respect to the average payment period for suppliers in commercial transactions:

	2020	**2019**
	Days	**Days**
Average supplier payment period	56.21	52.92
Ratio of transactions paid	60	60
Ratio of transactions pending payment	49	43
	Amount (euros)	**Amount (euros)**
Total payments made	58,939,127	26,556,384
Total payments outstanding	31,000,016	18,961,836

Exclusively for disclosure purposes as required by the aforementioned ICAC Resolution, suppliers include trade payables to the suppliers of goods or services recognized under "Trade and other payables - Suppliers" and "Trade and other payables - Other accounts payable" under current liabilities in the balance sheets of companies located in Spain. The average payment period is understood to be the time elapsed from the delivery of goods or rendering of services at the expense of the supplier to the material payment of the transaction.

25. Events after the reporting date

No significant events took place from December 31, 2020 to the date on which the Parent's Board of Directors authorized these consolidated financial statements that require disclosure.

APPENDIX I

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

Equity investments in Group companies and associates at December 31, 2020

			% capital - voting rights			Balances at 12.31.2020			(Amounts in Euros)						
												Profit (loss) for the year			Total
Company name	Registered address	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Share capital	Reserves	Other equity items	Operating profit	Continuing operations	Discontinued operations	equity of the investee
GREENHOUSE SOLAR FIELDS, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,006	-	3,006	3,006	(688)	-	(241)	(181)	-	2,137
GREENHOUSE SOLAR ENERGY, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,006	-	3,006	3,006	(527)	-	(324)	(243)	-	2,236
GREENHOUSE RENEWABLE ENERGY, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,006	-	3,006	3,006	(412)	-	(324)	(243)	-	2,351
GUIA DE ISORA SOLAR 2, S.L.	Spain	Production of renewable electric energy	100%	-	100%	1,565	-	1,565	3,100	(6,888)	-	(414)	(311)	-	(4,099)
GR SOLAR 2020, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(1,904)	-	(331)	(248)	-	848
GR SUN SPAIN, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(2,505)	-	(520)	(390)	-	105
GR EQUITY WIND AND SOLAR, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	287,130	-	(319)	(239)	-	289,891
LEVEL FOTOVOLTAICA S.L.	Spain	Production of renewable electric energy (Inactive company)	50%	-	50%	1,504	-	1,504	3,008	(327,556)	-	(276)	(276)	-	(324,824)
GR BAÑUELA RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(617)	-	(308)	(732)	-	1,651
GR TURBON RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(611)	-	(468)	(857)	-	1,532
GR AITANA RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(593)	-	(406)	(1,168)	-	1,239
GR ASPE RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(620)	-	(351)	(750)	-	1,630
VIATRES RENEWABLE ENERGY, S.L.	Spain	Production of renewable electric energy (Inactive company)	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)	-	(144)	(108)	-	2,543
CHAMBO RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(349)	-	(185)	(139)	-	2,512
MAMBAR RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(348)	-	(230)	(173)	-	2,479
EL AGUILA RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(289)	-	(148)	(111)	-	2,600
EUGABA RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(76)	-	(454)	(341)	-	2,583
TAKE RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(80)	-	(521)	(391)	-	2,529
NEGUA RENOVABLES, S.L.	Spain	Production of renewable electric energy	100%	-	100%	3,000	-	3,000	3,000	(176)	-	(566)	(424)	-	2,400
GR SISON RENOVABLES, S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	(379)	(284)	-	(284)
GR PORRON RENOVABLES, S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	(379)	(284)	-	(284)
GR BISBITA RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	(379)	(284)	-	(284)
GR AVUTARDA RENOVABLES, S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	(378)	(284)	-	(284)
GR COLIMBO RENOVABLES, S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	(379)	(284)	-	(284)
GR MANDARIN RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	(379)	(284)	-	(284)
GR DANICO RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	(379)	(284)	-	(284)
GR CHARRAN RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	(379)	(284)	-	(284)
GR CERCETA RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	(379)	(284)	-	(284)
GR CALAMON RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	(507)	(380)	-	(380)
GR CORMORAN RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	(379)	(284)	-	(284)

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Equity investments in Group companies and associates at December 31, 2020

									(Amounts in Euros)						
			% capital - voting rights			Balances at 12.31.2020						Profit (loss) for the year			
Company name	Registered address	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Share capital	Reserves	Other equity items	Operating profit	Continuing operations	Discontinued operations	Total equity of the investee
GR GARCILLA RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	(420)	(315)	-	(315)
GR LAUNICO RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	(379)	(284)	-	(284)
GR MALVASIA RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	(462)	(346)	-	(346)
GR MARTINETA RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	(379)	(284)	-	(284)
GR FAISAN RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	(420)	(315)	-	(315)
GRENERGY OPEX, S.L	Spain	Operation and maintenance of renewable electric energy installations (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GRENERGY EPC EUROPA, S.L.	Spain	Construction of electric energy installations (Inactive company)	100%	-	100%	3,000 (3,000)	-	-	-	-	-	-	-	-	-
GR POWER COMERCIALIZACION, S.L	Spain	Commercialization of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GRENERGY PACIFIC LTDA	Chile	Promotion and construction of electric energy installations	99.9%	-	99.9%	43,150	-	43,150	34,352	2,500,377	-	4,255,755	2,160,217	-	4,694,946
GR PEUMO, S.P.A.	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1,408 (1,408)	-	-	-	-	-	-	-	-	-
GR QUEULE, S.P.A.	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1,408 (1,408)	-	-	-	-	-	-	-	-	-
GR MAITEN, S.P.A.	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.408 (1.408)	-	-	-	-	-	-	-	-	-
GR ALGARROBO S.P.A	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.303 (1.303)	-	-	-	-	-	-	-	-	-
GR PACIFIC CHILOE SPA	Chile	Production of renewable electric energy (Inactive company)	-	98%	98.0%	917 (917)	-	-	-	-	-	-	-	-	-
GR PACIFIC OVALLE, SPA	Chile	Production of renewable electric energy (Inactive company)	-	98%	98.0%	1.357 (1.357)	-	-	933,056	(925,903)	-	-	-	-	7,153
GR PIMIENTO, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR CHAÑAR, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR LÚCUMO, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR LLEUQUE, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR NOTRO, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR LENGA, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR TEPÚ, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR LUMILLA, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-

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			% capital - voting rights			Balances at 12.31.2020			(Amounts in Euros)			Profit (loss) for the year			
Company name	Registered address	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Share capital	Reserves	Other equity items	Operating profit	Continuing operations	Discontinued operations	Total equity of the investee
GR TOROMIRO, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR PACAMA,S PA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR TEMO, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1,357 (1,357)	-	-	-	-	-	-	-	-	-
GR RULI, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR POLPAICO PACIFIC, SPA	Chile	Production of renewable electric energy (Inactive company)	-	98%	98.0%	1.314 (1.314)	-	-	-	-	-	-	-	-	-
GR Manzano SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.441 (1.441)	-	-	-	-	-	-	-	-	-
GR Naranjillo SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.441 (1.441)	-	-	-	-	-	-	-	-	-
GR Mañio SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.441 (1.441)	-	-	-	-	-	-	-	-	-
GR Tara SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.441 (1.441)	-	-	-	-	-	-	-	-	-
GR Hualo SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.441 (1.441)	-	-	-	-	-	-	-	-	-
GR Huacano SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Corcolén SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Luma SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Fuinque SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Piñol SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Queñoa SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Tayú Spa	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1,258 (1,258)	-	-	-	-	-	-	-	-	-
GR Petra SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Corontillo SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Liun SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Kewiña SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Frangel SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Maqui SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Petrillo SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-

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			% capital - voting rights			Balances at 12.31.2020			(Amounts in Euros)						
												Profit (loss) for the year			
Company name	Registered address	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Share capital	Reserves	Other equity items	Operating profit	Continuing operations	Discontinued operations	Total equity of the investee
GR Tepa SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
Grenergy OPEX SpA	Chile	Operation and maintenance of renewable electric energy installations	100%	-	100.0%	1,258	-	1,258	1,145	67,058	-	216,466	208,334	-	276,537
Parque Eólico Quillagua SpA	Chile	Operation and maintenance of renewable electric energy installations	100%	-	100.0%	15,210,577	-	15,210,577	17,961,713	(1,766,228)	(1,749,850)	(147,041)	(1,747,136)	-	12,698,499
GR PUMALIN SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1,161 (1,161)	-	-	-	-	-	-	-	-	-
GR CORCOVADO, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.161 (1.161)	-	-	-	-	-	-	-	-	-
GR QUEULAT SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.161 (1.161)	-	-	-	-	-	-	-	-	-
GR YENDEGAIA, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.161 (1.161)	-	-	-	-	-	-	-	-	-
GR KAWESQAR	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.161 (1.161)	-	-	-	-	-	-	-	-	-
GR HORNOPIREN SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.161 (1.161)	-	-	-	-	-	-	-	-	-
GR ALARCE ANDINO SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.161 (1.161)	-	-	-	-	-	-	-	-	-
GR ALERCE COSTERO SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.161 (1.161)	-	-	-	-	-	-	-	-	-
GR TOLTUACA SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.161 (1.161)	-	-	-	-	-	-	-	-	-
GR TORRES DEL PAINE SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.161 (1.161)	-	-	-	-	-	-	-	-	-
GR PATAGONIA SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.161 (1.161)	-	-	-	-	-	-	-	-	-
GR NAHUELBUTA SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.161 (1.161)	-	-	-	-	-	-	-	-	-
GR CONGUILILLO SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.161 (1.161)	-	-	-	-	-	-	-	-	-
GR VILLARRICA SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.161 (1.161)	-	-	-	-	-	-	-	-	-
GR ARCHIPIELAGO JUAN FERNANDEZ SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.161 (1.161)	-	-	-	-	-	-	-	-	-
GRENERGY PALMAS DE COCOLÁN, SPA	Chile	Holding company	100%	-	100.0%	1.161 (1.161)	-	-	-	-	-	-	-	-	-
GR LA CAMPANA, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.152 (1.152)	-	-	-	-	-	-	-	-	-
GR VOLCAN ISLUGA, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.152 (1.152)	-	-	-	-	-	-	-	-	-
GR LAUCA, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.152 (1.152)	-	-	-	-	-	-	-	-	-
GR PAN DE AZUCAR, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.152 (1.152)	-	-	-	-	-	-	-	-	-
GR MORRO MORENO, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.152 (1.152)	-	-	-	-	-	-	-	-	-

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Equity investments in Group companies and associates at December 31, 2020

			% capital - voting rights			Balances at 12.31.2020			(Amounts in Euros)						
												Profit (loss) for the year			Total
Company name	Registered address	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Share capital	Reserves	Other equity items	Operating profit	Continuing operations	Discontinued operations	Total equity of the investee
GR NEVADO TRES CRUCES, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.152 (1.152)	-	-	-	-	-	-	-	-	-
GR LLULLAILLACO, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.152 (1.152)	-	-	-	-	-	-	-	-	-
GR SALAR HUASCO, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.152 (1.152)	-	-	-	-	-	-	-	-	-
GR RAPANUI, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.152 (1.152)	-	-	-	-	-	-	-	-	-
GR PUYEHUE, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.152 (1.152)	-	-	-	-	-	-	-	-	-
GR CABO DE HORNOS, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.152 (1.152)	-	-	-	-	-	-	-	-	-
GR CERRO CASTILLO, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.152 (1.152)	-	-	-	-	-	-	-	-	-
GR PALI AIKE, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.152 (1.152)	-	-	-	-	-	-	-	-	-
GR RADAL SIETE TAZAS, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.152 (1.152)	-	-	-	-	-	-	-	-	-
GR ISLA MAGDALENA, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.152 (1.152)	-	-	-	-	-	-	-	-	-
GRENERGY LLANOS CHALLE, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.152 (1.152)	-	-	-	-	-	-	-	-	-
GR LAGUNA SAN RAFAEL, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1,152 (1,152)	-	-	-	-	-	-	-	-	-
GR POWER CHILE, SPA	Chile	Comercialización de energía eléctrica de carácter renovable	100%	-	100.0%	1,067	-	1,067	1,035	-	-	(69,882)	(67,468)	-	(66,433)
GRENERGY PERU SAC	Peru	Promotion and construction of electric energy installations	99%	-	99%	275	-	275	275	(143,988)	-	(150,698)	(282,832)	-	(426,545)
GR JULIACA, S.A.C.	Peru	Production of renewable electric energy (Inactive company)	100%	-	100%	255	-	255	255	-	-	-	-	-	255
GR HUAMBOS, S.A.C.	Peru	Production of renewable electric energy (Inactive company)	100%	-	100%	255	-	255	255	-	-	-	-	-	255
GR APORIC, S.A.C.	Peru	Production of renewable electric energy (Inactive company)	100%	-	100%	255	-	255	255	-	-	-	-	-	255
GR BAYONAR, S.A.C.	Peru	Production of renewable electric energy (Inactive company)	100%	-	100%	255	-	255	255	-	-	-	-	-	255
GR VALE S.A.C.	Peru	Production of renewable electric energy (Inactive company)	100%	-	100%	255	-	255	255	-	-	-	-	-	255
GR CORTARRAMA S.A.C.	Peru	Production of renewable electric energy (Inactive company)	100%	-	100%	278 (278)	-	-	-	-	-	-	-	-	-
GR GUANACO S.A.C.	Peru	Production of renewable electric energy (Inactive company)	100%	-	100%	278 (278)	-	-	-	-	-	-	-	-	-
GR TARUCA S.A.C.	Peru	Production of renewable electric energy	90%	-	90%	4,932,484	-	4,932,484	5,029,784	140,709	-	(110,488)	(272,359)	-	4,898,134
GR PAINO S.A.C.	Peru	Production of renewable electric energy	90%	-	90%	5,011,139	-	5,011,139	5,119,504	123,692	-	(115,292)	(316,388)	-	4,926,808
GR PAICHE S.A.C.	Peru	Production of renewable electric energy (Inactive company)	100%	-	100%	278 (278)	-	-	-	-	-	-	-	-	-
GR LIBLANCA S.A.C.	Peru	Production of renewable electric energy (Inactive company)	100%	-	100%	278 (278)	-	-	-	-	-	-	-	-	-

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GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

Equity investments in Group companies and associates at December 31, 2020

									(Amounts in Euros)						
			% capital - voting rights			Balances at 12.31.2020						Profit (loss) for the year			
Company name	**Registered address**	**Activity**	**Direct**	**Indirect**	**Total**	**Cost**	**Impairment**	**Carrying amount**	**Share capital**	**Reserves**	**Other equity items**	**Operating profit**	**Continuing operations**	**Discontinued operations**	**Total equity of the investee**
GR RENOVABLES MÉXICO	Mexico	Promotion and construction of electric energy installations	98%	-	98%	2,843	-	2,843	2,050	(1,349,823)	-	1,036,070	887,989	-	(459,784)
GREENHUB S.L. DE C.V.	Mexico	Production of renewable electric energy	20%	80%	100%	19,693	-	19,693	92,272	(9,667)	-	(54,923)	240,794	-	323,399
FAILO 3 SACV	Mexico	Production of renewable electric energy (Inactive company)	-	50%	50%	-	-	-	2,050	(14,226)	-	-	-	-	(12,176)
ASTILO 1 SOLAR, SACV	Mexico	Production of renewable electric energy (Inactive company)	-	99.99%	99.99%	2.790 (2.790)	-	-	2,050	(24,901)	-	-	-	-	(22,851)
CRISON 2 SOLAR, SACV	Mexico	Production of renewable electric energy (Inactive company)	-	99.99%	99.99%	2.790 (2.790)	-	-	2,050	(1,982)	-	-	-	-	68
MESO 4 SOLAR, SACV	Mexico	Production of renewable electric energy (Inactive company)	-	99.99%	99.99%	2.790 (2.790)	-	-	2,050	(21,983)	-	-	-	-	(19,933)
ORSIPO 5 SOLAR, SACV	Mexico	Production of renewable electric energy	-	99.99%	99.99%	2.790 (2.790)	-	-	2,050	(2,089)	-	(349)	(349)	-	(388)
MIRGACA 6 SOLAR, SACV	Mexico	Production of renewable electric energy (Inactive company)	-	99.99%	99.99%	2.790 (2.790)	-	-	2,050	(379)	-	-	-	-	1,671
GRENERGY COLOMBIA S.A.S.	Colombia	Promotion and construction of electric energy installations	100%	-	100%	270,237	-	270,237	229,245	(80,620)	-	(87,925)	(76,999)	-	71,626
GR PARQUE BRISA SOLAR 2	Colombia	Production of renewable electric energy (Inactive company)	100%	-	100%	238 (238)	-	-	-	-	-	-	-	-	-
GR PARQUE BRISA SOLAR 3	Colombia	Production of renewable electric energy (Inactive company)	100%	-	100%	238 (238)	-	-	-	-	-	-	-	-	-
GR PARQUE PRADO SOLAR 1	Colombia	Production of renewable electric energy (Inactive company)	100%	-	100%	238 (238)	-	-	-	-	-	-	-	-	-
GR PARQUE SOLAR SANDALO 2	Colombia	Production of renewable electric energy (Inactive company)	100%	-	100%	238 (238)	-	-	-	-	-	-	-	-	-
GR PARQUE SOLAR TUCANES	Colombia	Production of renewable electric energy (Inactive company)	100%	-	100%	238 (238)	-	-	-	-	-	-	-	-	-
GRENERGY RINNOVABILI ITALIA SRL	Italy	Promotion and construction of electric energy installations	100%	-	100%	100,000	-	100,000	100,000	-	-	(9,163)	(9,163)	-	90,837
GRENERGY RENEWABLES UK LIMITED	UK	Promotion and construction of electric energy installations	100%	-	100%	-	-	-	-	-	-	-	-	-	-
GRENERGY ATLANTIC, S.A.U.	Argentína	Promotion and construction of electric energy installations	100%	-	100%	314,453	-	314,453	264,645	(275,240)	-	(164,859)	(198,668)	-	(209,263)
KOSTEN S.A.	Argentína	Production of renewable electric energy; promotion and construction of electric energy installations	100%	-	100%	8,158,807	(2,336,000)	5,822,807	4,600,291	(1,451,244)	-	(145,422)	8,090	-	3,157,137
								31,786,544							

(*) Exchange rate applied at closing of 12.31.2020, with average rates applied to the 2020 income statement.
(**) Audited financial statements

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GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

Equity investments in Group companies and associates at December 31, 2019

			% capital - voting rights			Balances at 12.31.2019			(Amounts in Euros)						
												Profit (loss) for the year			
Company name	Registered address	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Share capital	Reserves	Other equity items	Operating profit	Continuing operations	Discontinued operations	Total equity of the investee
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 company)	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 company)	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
GR SISON RENOVABLES, S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GR PORRON RENOVABLES, S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GR BISBITA RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GR AVUTARDA RENOVABLES, S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GR COLIMBO RENOVABLES, S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GR MANDARIN RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GR DANICO RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GR CHARRAN RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GR CERCETA RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GR CALAMON RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GR CORMORAN RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GR GARCILLA RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-

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GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

Equity investments in Group companies and associates at December 31, 2019

									(Amounts in Euros)						
			% capital - voting rights			Balances at 12.31.2019						Profit (loss) for the year			
Company name	Registered address	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Share capital	Reserves	Other equity items	Operating profit	Continuing operations	Discontinued operations	Total equity of the investee
GR LAUNICO RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GR MALVASIA RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GR MARTINETA RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GR FAISAN RENOVABLES S.L.U.	Spain	Production of renewable electric energy (Inactive company)	100%	-	100%	3.000 (3.000)	-	-	-	-	-	-	-	-	-
GRENERGY PACIFIC LTDA	Chile	Promotion and construction of electric energy installations	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 company)	100%	-	100.0%	1.408 (1.408)	-	-	-	-	-	-	-	-	-
GR QUEULE, S.P.A.	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.408 (1.408)	-	-	-	-	-	-	-	-	-
GR MAITEN, S.P.A.	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.408 (1.408)	-	-	-	-	-	-	-	-	-
GR ALGARROBO S.P.A	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.303 (1.303)	-	-	-	-	-	-	-	-	-
GR PACIFIC CHILOE SPA	Chile	Production of renewable electric energy (Inactive company)	-	98%	98.0%	917 (917)	-	-	-	-	-	-	-	-	-
GR PACIFIC OVALLE, SPA	Chile	Production of renewable electric energy (Inactive company)	-	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 company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR CHAÑAR, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR CARZA, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR PILO, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR LÚCUMO, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR PITAO, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR LLEUQUE, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR NOTRO, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR LENGA, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR TEPÚ, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR LUMILLA, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR TOROMIRO, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR PACAMA,S PA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-

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Equity investments in Group companies and associates at December 31, 2019

			% capital - voting rights			Balances at 12.31.2019			(Amounts in Euros)						
												Profit (loss) for the year			
Company name	Registered address	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Share capital	Reserves	Other equity items	Operating profit	Continuing operations	Discontinued operations	Total equity of the investee
GR TEMO, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR RULI, SPA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.357 (1.357)	-	-	-	-	-	-	-	-	-
GR POLPAICO PACIFIC, SPA	Chile	Production of renewable electric energy (Inactive company)	-	98%	98.0%	1.314 (1.314)	-	-	-	-	-	-	-	-	-
GR Roble SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.441 (1.441)	-	-	-	-	-	-	-	-	-
GR Guindo SpA	Chile	Production of renewable electric energy (Inactive company)	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 company)	100%	-	100.0%	1.441 (1.441)	-	-	-	-	-	-	-	-	-
GR Manzano SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.441 (1.441)	-	-	-	-	-	-	-	-	-
GR Naranjillo SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.441 (1.441)	-	-	-	-	-	-	-	-	-
GR Mañio SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.441 (1.441)	-	-	-	-	-	-	-	-	-
GR Tara SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.441 (1.441)	-	-	-	-	-	-	-	-	-
GR Ciprés SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.441 (1.441)	-	-	-	-	-	-	-	-	-
GR Ulmo SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.441 (1.441)	-	-	-	-	-	-	-	-	-
GR Hualo SpA	Chile	Production of renewable electric energy (Inactive company)	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 company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Corcolén SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Luma SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Fuinque SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Piñol SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Queñoa SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Tayú Spa	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Petra SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Corontillo SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Liun SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-

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Equity investments in Group companies and associates at December 31, 2019

									(Amounts in Euros)						
			% capital - voting rights			Balances at 12.31.2019						Profit (loss) for the year			
Company name	Registered address	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Share capital	Reserves	Other equity items	Operating profit	Continuing operations	Discontinued operations	Total equity of the investee
GR Kewiña SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Frangel SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Maqui SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Petrillo SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
GR Tepa SpA	Chile	Production of renewable electric energy (Inactive company)	100%	-	100.0%	1.258 (1.258)	-	-	-	-	-	-	-	-	-
Grenergy OPEX SpA	Chile	Operation and maintenance of renewable electric energy installations	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 electric energy installations	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 electric energy installations	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 company)	100%	-	100%	255	-	255	255	-	-	-	-	-	255
GR HUAMBOS, S.A.C.	Peru	Production of renewable electric energy (Inactive company)	100%	-	100%	255	-	255	255	-	-	-	-	-	255
GR APORIC, S.A.C.	Peru	Production of renewable electric energy (Inactive company)	100%	-	100%	255	-	255	255	-	-	-	-	-	255
GR BAYONAR, S.A.C.	Peru	Production of renewable electric energy (Inactive company)	100%	-	100%	255	-	255	255	-	-	-	-	-	255
GR VALE S.A.C.	Peru	Production of renewable electric energy (Inactive company)	100%	-	100%	255	-	255	255	-	-	-	-	-	255
GR CORTARRAMA S.A.C.	Peru	Production of renewable electric energy (Inactive company)	100%	-	100%	278 (278)	-	-	-	-	-	-	-	-	-
GR GUANACO S.A.C.	Peru	Production of renewable electric energy (Inactive company)	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 company)	100%	-	100%	278 (278)	-	-	-	-	-	-	-	-	-
GR LIBLANCA S.A.C.	Peru	Production of renewable electric energy (Inactive company)	100%	-	100%	278 (278)	-	-	-	-	-	-	-	-	-
GR RENOVABLES MÉXICO	Mexico	Promotion and construction of electric energy installations	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
FAILO 3 SACV	Mexico	Production of renewable electric energy (Inactive company)	-	50%	50%	-	-	-	15,311	(16,361)	-	-	-	-	(1,050)
ASTILO 1 SOLAR, SACV	Mexico	Production of renewable electric energy (Inactive company)	-	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 company)	-	99.99%	99.99%	2.790 (2.790)	-	-	2,358	(2,279)	-	-	-	-	79
MESO 4 SOLAR, SACV	Mexico	Production of renewable electric energy (Inactive company)	-	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)

APPENDIX I

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

Equity investments in Group companies and associates at December 31, 2019

			% capital - voting rights			Balances at 12.31.2019			(Amounts in Euros)						
												Profit (loss) for the year			
Company name	Registered address	Activity	Direct	Indirect	Total	Cost	Impairment	Carrying amount	Share capital	Reserves	Other equity items	Operating profit	Continuing operations	Discontinued operations	Total equity of the investee
MIRGACA 6 SOLAR, SACV	Mexico	Production of renewable electric energy (Inactive company)	-	99.99%	99.99%	2.790 (2.790)	-	-	2,358	(436)	-	-	-	-	1,922
GRENERGY COLOMBIA S.A.S.	Colombia	Promotion and construction of electric energy installations	100%	-	100%	270,237	-	270,237	261,720	(109,038)	-	(21,559)	16,966	-	169,648
GRENERGY ATLANTIC, S.A.U.	Argentína	Promotion and construction of electric energy installations	100%	-	100%	103,629	-	103,629	101,644	(62,294)	-	(155,654)	(266,344)	-	(226,994)
KOSTEN S.A.	Argentína	Production of renewable electric energy; promotion and construction of electric energy installations	100%	-	100%	8,158,807	-	8,158,807	5,548,811	45,291	-	(299,416)	(2,130,535)	-	3,463,567
								29,296,646							

(*) Exchange rate applied at closing of 12.31.2019, with average rates applied to the 2019 income statement.
(**) Audited financial statements

ANNEX II

Changes in the consolidation scope

The main changes to the consolidation scope corresponding to 2020 were as follows:

New inclusions in the consolidation scope during 2020:

- Incorporation of Grenergy Rinnovabili Italia SRL with share capital totaling 100,000 euros, fully subscribed and paid in at 2020 year end.

- Incorporation of GR Power, SpA with share capital totaling 1,067 euros, fully subscribed and paid in at 2020 year end.

- Incorporation of GR Pumalin SpA, GR Corcovado, SpA, GR Queulat, SpA, GR Yendegaia, SpA, GR Kawesqar, SpA, GR Hornopiren, GR Alarce Andino, SpA, GR Alerce Costero, SpA, GR Toltuaca, SpA, GR Torres del Paine, SpA, GR Patagonia, SpA, GR Nahuelbuta, SpA, GR Conguilillo, SpA, GR Villarrica, SpA, GR Archipielago Juan Fernandez, SpA, Grenergy Palmas de Cocolán, SpA, GR La Campana, SpA, GR Volcan Isluga, SpA, GR Lauca, SpA, GR Pan de Azúcar, SpA, GR Morro Moreno, SpA, GR Nevado Tres Cruces, SpA, GR Llullaillaco, SpA, GR Salar Huasco, SpA, GR Rapanui, SpA, GR Puyehue, SpA, GR Cabo de Hornos, SpA, GR Cerro Castillo, SpA, GR Pali Aike, SpA, GR Radal Siete Tazas, SpA, GR Isla Magdalena, SpA, Grenergy Llanos Challe, SpA, GR Laguna San Rafael, SpA, GR Parque Brisa Solar 2, GR Parque Brisa Solar 3, GR Parque Prado Solar 1, GR Parque Solar Sandalo 1. Grenergy Opex, S.L., Grenergy EPC Europa, S.L., and GR Power comercialización, S.L. with share capital corresponding to the minimum required by legislation in each country. At December 31, 2020 the share capital of these companies was not yet paid in.

Exclusions from consolidation scope during 2020:

- On June 27, 2019 the Parent sold its interests in GR Guindo, SpA and GR Sauce, SpA. Said sales contracts for shares of the subsidiaries included resolutory clauses which did not make the sale effective until 2020, the year in which the installations were connected and said clauses were no longer relevant.

- On June 30, 2020 the Parent sold its interests in GR Raulí SpA, GR Ulmo SpA, and GR Roble SpA.

- On September 30, 2020 the Parent sold its interests in GR Carza, SpA, GR Pilo, SpA, and GR Pitao, SpA.

- On October 31, 2020 the Parent sold its interests in GR Ciprés, SpA.

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

New inclusions in the consolidation scope during 2019:

- 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.

Exclusions from consolidation scope during 2019:

- On November 30, 2018 the Parent sold its interests in GR Chaquihue, SpA. Said sales contract for shares of the subsidiary included resolutory clauses which did not make the sale effective until 2019, the year in which the installations were connected and said clauses were no longer relevant.

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

APPENDIX III

Regulatory framework

Sector regulation in Europe

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, know 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 focused its efforts on carrying out new developments and constructing new installations in Latin America via its subsidiaries.

On November 23, 2019 Royal Decree Law 17/2019, of November 22, was published, by virtue of which urgent measures were adopted for the necessary adaptation of remuneration parameters which affect the electricity system and further providing a response to the process of terminating activities at thermal power plants. The main aspects covered in this Royal Decree Law are as follows:

- It establishes the reasonable return for renewable energy, cogeneration, and waste, and the financial remuneration rate for production in territories outside the Iberian Peninsula for the 2020-2025 period. The rate is updated to 7.09% vs 7.398% or 7.503%, depending on the type of installations.

- It establishes that before February 29, 2020 the Government will establish the remaining remuneration parameters which will be applicable from from 2020 to 2025, which previously requires the definition of the related reasonable return.

- It incorporates a mechanism which the installations that had already been granted prime remuneration when Royal Decree Law 9/2013 became effective can avail themselves of: the option for the owners to maintain a reasonable return of 7.398% for their installations until 2031. This measure will not be applicable when there is a right to receive indemnities as a consequence of a firm court sentence or definitive arbitration ruling, or if judicial or arbitration proceedings are ongoing, unless the irrevocable renunciation of said compensation, continuation or re-initiation of said proceedings is officially accredited. In addition, the installations can renounce the remuneration framework which is regulated by this Royal Decree Law and avail themselves of the ordinary framework, subject to a review every six years.

On January 21, 2020 the Council of Ministers approved the agreement comprising the Declaration regarding the Climate and Environmental Emergency in Spain, which commits the Executive to the following during the first 100 days:

- Introduce a law in parliament which guarantees that zero net emissions be achieved at the latest by 2050, implementing a 100% renewable electricity system, private and commercial vehicles with 0 grammes of CO2 emissions per kilometer, an agricultural system neutral in equivalent CO2 emissions, as well as a tax, budget, and financial system compatible with the necessary decarbonization of the economy and society.

- Define the path to decarbonization in the long term for our country, ensuring the objective of climate neutrality at the latest by the year 2050.

- Present the second National Plan for Adaptation to Climate Change.

- Boost the transformation of our industrial model and services sector via collective agreements for a Fair Transition together with accompanying measures.

On February 28, 2020, Order TED/171/2020, of February 24, 2020, was published for application to the regulatory period from January 31, 2020 to December 31, 2025, updating the remuneration parameters of standard facilities applicable to certain installations that produce electricity from renewable sources, cogeneration, and waste.

On March 6, 2020 the CNMC Resolutions of February 26, 2020 were published by virtue of which the remuneration for companies distributing and transporting electric energy was provisionally established for the year 2020. Approval of a remuneration resolution for the year 2020 is expected should the aforementioned remuneration resolution not be approved and made effective. In this case, the remuneration approved by Order IET/980/2016, of June 10, should continue to be applied to the first settlements payable in 2020 for distributors and Order IET/981/2016, of June 15, which established remuneration for 2016, the last remuneration scheme which has been approved and which has been applied in recent years, should continue to be applied to transporters.

On March 26, 2020, Order TED/287/2020, of March 23, was published, establishing the contribution obligations for the National Fund for Energy Efficiency in 2020.

On March 31, 2020 the Ministry for Energy Transition and the Demographic Challenge (MITERD) and the Council of Ministers agreed upon sending the National Integrated Energy and Climate Plan (PNIEC) 2021-2030 to the European Commission.

On May 19, 2020 the Council of Ministers introduced the Proposed Law on Climate Change and Energy Transition (PLCCTE) in parliament. Thus, the parliamentary procedure for ratifying a legal text which will define the regulatory and institutional framework was initiated in order to facilitate the progressive adaptation of the national reality to the demands which regulate climate-related actions and which will also facilitate and focus the decarbonization of the Spanish economy by 2050, a decarbonization process which must be socially just.

On June 24, 2020 Royal Decree-Law 23/2020 was published by virtue of which measures were approved with respect to energy issues and other areas for reactivation of the economy. This law contains a battery of measures to boost, in an orderly and rapid manner, the energetic transition to a fully renewable electricity system, as well as favoring economic reactivation in line with the European Green Deal. The regulation, amongst other matters, eliminates barriers for the massive deployment of renewable resources, defines new business models and foments energy efficiency, establishes milestones and temporary deadlines to avoid speculative movements in the utilization of network access permits, creates a new auction system which offers stability to the investor and allows all consumers to benefit from the savings associated with the integration of renewable energies in the system, while also making it possible to inject the surplus from prior years with a view to ensuring liquidity in the system and mitigating the imbalances which have been provoked by the COVID-19 crisis.

On September 22, 2020 the Government approved the National Plan for Adaptation to Climate Change.

On November 3, 2020, Royal Decree 960/2020, regulating the economic regime for installations generating electricity from renewable energy sources, was published. It was approved in application of RDL 23/2020 as the alternative remuneration framework for the specific remuneration framework. It establishes the scope of auctions for renewable energy installations, the remuneration scheme to be received, as well as the necessary requirements and guarantees.

In connection with this Royal Decree, Order TED/1161/2020, of December 4, was approved, regulating the first auction mechanism for granting the economic regime applicable to renewable energies and establishing the corresponding schedule for the 2020-2025 period.

At December 31, 2020 the Group was not operating any installations in Spain.

<u>Italy</u>

Italy represents one of the most mature renewable energy markets in the world.

However, this country is still far from reaching the European objectives in terms of energy and sustainability and, as also indicated in the PNIEC (National Energy and Environment Plan published by the Ministry for Economic Development), Italy needs to aggregate some 30GW of photovoltaic energy to its fuel mix, in addition to the current 20GW in the country (about 9% of its composition in terms of the source).

In coming years solar energy will represent the most attractive energy in the country, with a high chance of investor interest being created and strengthened all over the world.

The sale of energy is performed via the spot market or via PPAs.

The developments in Italy involve clear and transparent electricity regulation, which allows for the market to develop against the speculation of the past.

The applicable regulation is established in the document known as TICA (Testo integrato delle connessione attive), in accordance with "deliberazione ARG/elt 99/08" (and all modifications and integrations thereof).

The need to make an advance payment for the connection and to start the application process for authorization within a maximum period of time provides assurance to the market that existing projects are transparent and viable.

From the environmental point of view, the regulation is well articulated, considering that as Italy is a fairly diversified territory, each of the 20 regions can apply for its own regional regulations, in custodianship of its own landscape and environment, applying different restrictions by region.

At any rate, the processes involved are standard and basically relate to art. 27bis of the Dlgs 152/2006 which enacts the PAUR (Provvedimento autorizzatorio unico regionale), which in turn includes the VIA (Valutazione Impatto Ambientale) process in a single process plus the "Autorizzazione Única" - in accordance with art. 12 of the DLgs 387/2003.

Should the VIA process not be necessary, process 387 shall be directly considered for obtaining the single authorization.

Sector regulation in Latin America

Chile

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 in October 2020 (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 counting from 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. They must also have obtained the construction declaration within 18 months counting from the new regulations becoming effective. 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.

On April 30, 2020 the Ministry of Energy published the decree setting the prices at the level of generation and transmission, effective from November 1, 2018, as well as the corresponding Expansion Plans of the Median Systems.

In contrast, on May 29, 2020 the CNE determined the extent of the exclusive payment established in the Law on Short Distribution (Law no. 21.194) which comprises the activities relating to electric energy transportation via distribution networks, the purchase and sale of energy and power to regulated end users, the use of distribution network installations which allow for the injection, retirement or management of electric energy, the rendering of services at legally fixed prices and the services which are provided utilizing the infrastructure or resources essential for the rendering of the aforementioned services, whose shared utilization with other services is absolutely necessary or efficient.

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 of large wholesalers of electric energy, 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.

On June 10, 2020, articles 11, 12, 13, and 14 of Law 1715, of 2014, were enacted by Decree 289, of 2020, modifying and expanding Decree number 1625, of 2016, the Single Regulatory Framework for Tax Matters, while certain articles of Decree number 1073, the Single Regulatory Framework for the Administrative Sector of Mining and Energy, were repealed, establishing the incentives for generation of electric energy with unconventional sources, assigning competence to the UPME to issue certifications of tax benefits, and defining the steps to be taken for deduction of income tax, accelerated amortization/depreciation of assets, and exemption from tariffs on the FNCER projects.

On October 23, 2020, via Resolution no. 40311 of 2020, the Ministry of Mining and Energy established the guidelines for public policy regarding allocation of transportation capacity to generators in the National Interconnected Electricity System, as well as for loss of access, while further regulating certain additional matters such as guarantees which must be presented for the connections, behavioral norms, and a transition regime.

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 liberal.

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 though the contracts are backed by a specific fund created by the Ministry of Energy and Mining, and claims can be reported to the World Bank as a last recourse. Apart from the government-backed agreement, RenovAr also offers tax breaks to attract private investment.

Mexico

On March 4, 2020 the CRE published the "Agreement by virtue of which the Regulatory Energy Commission issues the criteria for calculating the total number of Clean Energy Certificates available to cover the total amount of Clean Energy Obligations for each of the first two years in which said Obligations are effective, while establishing the Implicit Price Calculation Methodology for the Clean Energy Certificates to which the twenty second transitory provision of the Law on Energy Transition refers."

On May 1, 2020 the National Center for Energy Control (CENACE in its Spanish acronym) published the "Agreement to guarantee the Efficiency, Quality, Reliability, Continuity, and Security of the National Electricity System, with a view to acknowledging the epidemic due to the illness caused by the SARS - CoV2 virus (COVID-19)."

On May 15, 2020 the Secretariat of Energy (SENER in its Spanish acronym) published the "Agreement establishing the Policy for Reliability, Security, Continuity, and Quality in the National Electricity System."

GRENERGY RENOVABLES, S.A. and Subsidiaries

Consolidated management report for 2020

1. The Group's main activities

1.1 Nature of the Group's operations and its main activities

Grenergy is a Spanish company which produces energy based on renewable sources, specialized in the development, construction, and operation of photovoltaic and wind energy projects.

Since its incorporation in 2007, the Group has seen rapid growth and changes in the planning, design, development, construction, and financial structuring of projects. It is present in Europe as well as in Latam since the year 2012. Currently, Grenergy has offices in Spain, Italy, Chile, Peru, Colombia, Argentina, and Mexico. Grenergy's overall pipeline, which includes photovoltaic solar energy installations and wind farms in different stages of development, exceeds 6 GW.

Its business model encompasses all project phases, from development through construction and financial structuring to plant operation and maintenance. In addition, Grenergy generates income from recurring sales to third parties of non-strategic parks, combined with recurring income from its own parks in operation as well as income from O&M and AM services for plants sold to third parties. During 2020 the Group did not generate any income from the sale of energy as none of its installations were operational.

Grenergy performs its activities in each of the phases comprising the value chain of a renewable energy project, prioritizing greenfield projects, that is, those renewable energy projects starting from nothing or those already underway which require a complete modification, as compared to brownfield projects, which require certain occasional modifications, expansions or repowering.

The source of this income is technologically diversified, encompassing project developments in wind and photovoltaic energy, so that it can operate at highly competitive prices as compared to conventional energy sources. This backdrop is further favored by an emerging market for PPAs (bilateral energy purchase-sale agreements) as well as the end of the fossil fuel era as determined on a political level with a view to closing down nuclear power plants and coal plants within 10 years.

The Parent has been listed on the continuous market since December 16, 2019, with capitalization at 2020 year end totaling 943 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 assured, or there is at least more than a 50% probability of it being obtained; (ii) the appropriate requests to connect to the electricity grid have been filed, with a 90% or higher likelihood of being accepted; 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 electricity 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 banks which are ready to be signed, or there is a bankable price stabilization scheme.

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

- In operation: projects for which the acceptance certificate has been signed by the entity that will be the owner of the project in question, and 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.

At December 31, 2020 the Group had over 6GW 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 Grenergy has or will have its own operational projects as Independent Power Producer ("IPP").

- **Services**: this division includes the services rendered for projects once the start-up date has been reached (Commercial Operation Date - "COD") and which are therefore in the operational phase. It also encompasses asset management and O&M activities provided for internal IPP projects as well as those for third parties.

2. 2020 Business Performance

The year 2020 was affected by the expansion of COVID-19, which posed significant challenges to commercial activities and introduced a degree of uncertainty surrounding economic activity and demand for energy on a global scale. The quarantine measures imposed on a large portion of the global population resulted in decreased economic activity which in turn provoked a generalized decrease in macroeconomic indicators, demand for energy, and prices of the main factors in the energy sector. The effects of the COVID-19 pandemic increase the uncertainty regarding future perspectives for companies and the economy in general, with a substantial deterioration of the recovery becoming apparent in the second half of 2020. COVID-19 did not have a significant impact on the consolidated financial statements. However, some of the measures implemented by different countries, such as restricted mobility for persons, mandatory quarantines, isolation or confinement, the closing of borders, and the closing of public and private venues (except for those covering primary needs and those related to health services) did result in a reduction of the Group's activities, mainly in Argentina and Peru, which resulted in construction delays for the Kosten and Duna & Huambos projects and delays in obtaining income from the sale of energy.

The main headings for the consolidated statement of profit or loss and the consolidated statement of financial position are explained below:

- The 2020 consolidated income statement presented revenue figures representing the best results for GRENERGY thus far. Its 23.7 million euro EBITDA and 15.1 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 113,431,821 euros and 23,689,697 euros, respectively, broken down by operating division as follows:

	Thousands of euros	
Income	**2020**	**2019**
Development and Construction	111,546	83,171
Energy	-	-
Services	1,886	1,358
Total income (*)	**113,432**	**84,529**

(*) Alternative performance measure (APM) See Appendix I.

	Thousands of euros	
EBITDA	**2020**	**2019**
Development and Construction	27,768	22,962
Energy	-	-
Services	173	101
Corporate	(4,251)	(4,592)
Total	**23,690**	**18,471**

(*) Alternative performance measure (APM) 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 2020 vs. the previous year (2020: 389 MW under construction and 9 parks sold, vs.193 MW in construction and 5 sold in 2019).

Energy: Grenergy did not generate any income from the sale of energy during 2020. However, the Quillagua solar farm obtained income from the sale of energy during its testing stage in the amount of 430 thousand euros, recognized as a lesser amount for the corresponding asset.

Services: the increase in income corresponds to a greater number of parks in operation in 2020 as compared to 2019 (180MW vs. 150MW).

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 799 thousand euros, increased by 21% with respect to the previous year as a result of the increased amortization/depreciation of right-of-use assets.

- Finance cost amounted to a negative total of 7.7 million euros. This item encompasses two large figures:

    - Interest on debt associated with the projects: 2.6 million euros in expenses.

    - Negative exchange differences, mainly corresponding to provisions as a consequence of the pronounced depreciation of the US dollar against the euro during 2020.

- After tax profits for the Group totaled 15.1 million euros.

- With regard to the consolidated statement of financial position, the performance reflected at 2020 year end with respect to the prior year showed changes which reflected continuity in the Group's growth, with the most important balances being strengthened. The following are especially positive aspects worth highlighting:

    - The 106% increase in PP&E, reaching 144.8 million euros, which was a consequence of the construction of the parks which the Group intends to operate.

    - The 32% increase in equity, reaching 48.8 million euros.

- o The increase in working capital, which amounts to 22.8 million euros, representing a 2% increase over the amount recognized at 2019 year end, thus permitting the Group to meet its short-term payment obligations comfortably, continue performing its activities, while ensuring its stability and a decrease in its long-term financial debt.

- o The increase in net debt due to the debt associated with new projects under construction:

Net debt	**12/31/2020**	**12/31/2019**
Non-current bank borrowings (*)	35,026,283	26,097,393
Current bank borrowings (*)	4,832,787	4,841,280
Other non-current financial liabilities	156,189	208,249
Other current financial liabilities	3,054,370	3,342,401
Current financial investments - other financial assets	(6,460,724)	(6,873,062)
Cash and cash equivalents (*)	(12,492,510)	(20,408,005)
Net recourse corporate debt	**24,116,395**	**7,208,256**
Recourse project finance (*)	50,382,935	42,392,003
Recourse project treasury (*)	(5,631,607)	(8,365,082)
Net recourse project finance	**44,751,328**	**34,026,921**
Unsecured project finance (*)	62,009,987	-
Unsecured project treasury (*)	(2,445,133)	-
Net unsecured project finance	**59,564,854**	**-**
Total net debt	**128,432,577**	**41,235,177**

(*) Alternative performance measure (APM) See Appendix I.

3. Privileged information and other relevant information for FY 2020

- During the first quarter of 2020 the Group performed an exhaustive diagnosis of ESG matters as well as an assessment of materiality, which included consultation with external sources and more than 40 internal interviews. The results provided key information on areas for improvement and material issues of critical importance to the Group and its interest groups, covering a total of 21 subject matters with KPIs in four dimensions: governance, social, environmental, and economic. This information was utilized as the basis for preparing the ESG Action Plan 2021-2023 which the Company has already started implementing. It is a very detailed action plan which presents close to 70 specific actions in the areas of good governance, alignment of ESG objectives, corporate strategy, and management of risks and impacts, as well as covering communications regarding ESG matters to the public.

- In September 2020 the Group published its first sustainability report, and announced the approval of its sustainability policy. The sustainability policy describes the priorities in the area of sustainability and establishes the rules which govern the manner in which the policy is supervised, with a view to improving and articulating governance in this area and integrating it in the whole organization. A Sustainability Director has been contracted to provide leadership in the implementation of the plan.

- In December 2020, the Group arranged its first energy sale framework agreement in Colombia with the energy company Celsia, encompassing 120GW-hours per year. Said agreement, which will be signed with a series of photovoltaic solar energy projects with 76MWp in Colombia, will be progressively added to the commercial activities of Celsia starting in 2022 and for a duration of 15 years, though they will only be activated when the different solar farms become operational.

- In December 2020 the Group closed a green project financing agreement for the solar farm in Escuderos with a capacity of 200MW. Via this agreement, KFW IPEX-Bank will assume two thirds of the senior debt, approximately totaling 64 million euros, while Bankinter will finance the remaining amount, corresponding to about 32 million euros. This project finance agreement includes financing the debt for a period of 17 years counting from construction. It is a green loan in line with the Green Loan Principles (GLP) and has been independently verified for compliance by G-Advisory.

  In addition, Axis Participaciones Empresariales, a venture capital management company entirely held by the ICO (Official Credit Institute) via the ICO Infraestructuras II Fund, enters the agreement with subordinated debt totaling 12.9 million euros and for the same period.

4. Strategy and objectives for upcoming years

From the commencement of its activities, the Group has fundamentally based its business model on the development, financing, and construction of solar and wind energy projects. Thus, during the 2015-2019 period the Group decided to sell all the projects it had developed in Spain and Latam to third parties, permitting Grenergy to use the funds obtained thereby to boost the inclusion of new projects in its pipeline and contribute the necessary capital to finance many of these projects so as to be able to construct and operate the portfolio of projects that had reached the ready-to-build phase.

The Group also performed O&M and asset management services in the majority of the projects transferred to third parties, which generated recurring revenue from the moment the first plants were started up in Spain.

Without prejudice to continuing the "build to sell" business model, the Group has redefined its strategic objective as the development, construction, and operation of its own projects in Europe 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.

Thus, the Group expects that the rotation of projects in their different phases of development, always subject to their construction, will allow it to generate sufficient cash it can dedicate to investments in a portfolio of projects which will provide the basis for future recurring income once said projects are connected to the electricity grid, selling energy directly to the market or to specific buyers of energy under bilateral purchase-sale contracts or other purchase-sale framework contracts for energy at predetermined prices, or by resorting to bankable schemes for the stabilization of prices.

In addition to its solar and wind energy generation activity, the Group plans to add storage activities to its services: storing energy produced by intermittent renewable sources in order to arbitrage when selling the energy and accessing other remuneration schemes.

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/corporate name	Position	Type of director	Shareholder who proposed the appointment	Date of first appointment	End of appointment
Mr. David Ruiz de Andrés	Chairman / CEO	Executive	Daruan Group Holding, S.L.	5/19/2015	11/15/2023
Mr. Antonio Jiménez Alarcón	Board member	Executive	--	11/15/2019	11/15/2023
Mr. Florentino Vivancos Gasset	Secretary and director	Proprietary	Daruan Group Holding, S.L.	5/19/2015	11/15/2023
Ms. Ana Peralta Moreno	Board member	Independent	--	6/27/2016	11/15/2023
Mr. Nicolás Bergareche Mendoza	Board member	Independent	--	6/27/2016	11/15/2023
Ms. María del Rocío Hortigüela Esturillo	Board member	Independent	--	11/15/2019	11/15/2023

The shareholders of the Parent in general meeting, held on June 29, 2020, agreed upon the reappointment of Ms. Ana Cristina Peralta Moreno as independent Board member and Mr. Nicolás Bergareche Mendoza as independent Board member.

As indicated in the Parent's Board of Directors' regulations, it is especially empowered to do the following (among others): (i) call Board meetings; (ii) add items to the agenda of an already programmed meeting; (iii) coordinate and gather all non-executive directors; and (iv) oversee periodic assessments by the Chairman of the Board, where applicable.

Senior executives

The senior executives of the Group (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	Chief Finance Officer (CFO) and Executive Board Member
Ms. Mercedes Español Soriano	Director of Development and M&A
Mr. Daniel Lozano Herrera	Investor Relations and Communications Director
Mr. Álvaro Ruiz Ruiz	Director of Legal Area

Average workforce

The average number of employees in 2020, broken down by professional categories, was the following:

Category	2020
Directors and Senior Management	9
Department directors	23
Other	129
Total	**161**

6. Information on the nature and level of risk of 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. The chief financial risks which might affect the Group are indicated in Note 24.1 of the accompanying notes to the consolidated financial statements.

7. Environmental disclosures

During the development phase of the renewable energy projects, either solar or wind, the Group carries out Environmental Impact Assessments systematically. These assessments include a description of all project activities susceptible of having an impact during the life of the project, from civil engineering work up to dismantling activities, and a complete study on alternatives for the installations and its evacuation lines is also performed. It further includes an environmental inventory which discloses the characteristics relating to air, soil, hydrology, vegetation, fauna, protected items, the countryside, heritage items, and socio-economic factors. The main objective is to identify, quantify, and measure all the possible impacts on the natural and socio-economic environment as well as the activities which give rise to them throughout the life the project, and also to define the preventative, corrective, and compensatory measures with regard to said impacts.

Once the environmental permits have been obtained from the competent authority in the form of an Environmental Impact Statement and the initial construction phase of the projects has started, the Environmental Monitoring Programs are initiated and continued until the dismantling phase of the projects. These Programs constitute the system which guarantees compliance with the protective measures defined and with respect to those incidents which may arise, allowing for detection of deviations from foreseen impacts and detection of new unexpected impacts, as well as recalibrating the proposed measures or adopting new ones. These Programs also permit Management to monitor compliance with the Environmental Impact Statement efficiently and systematically as well as other deviations which are difficult to foresee and may arise over the course of the construction work and functioning of the project.

The Group contracts specialized professional services for each project in order to perform the Environmental Impact Assessments and execute the Environmental Monitoring Programs together with the periodic associated reporting, adding transparency and rigor to the process. Likewise, environmental management plans are established which comprise all the possible specific plans developed in a complementary manner, such as in the case of landscape restoration and integration plans or specific plans for monitoring fauna.

The Group's projects are generally affected by the environmental impact of land occupation. Thus, the land selection phase plays a fundamental role and the Group searches for and locates land using a system for analyzing current environmental values with a view to minimizing environmental impact.

8. Investment in research and development

The Group did not capitalize any amounts during 2020 related to research and development.

9. Treasury shares

The treasury share portfolio at the closing of FY 2020 is comprised of the following:

	Balance at 12.31.2020
Number of shares in treasury share portfolio	**484,345**
Total treasury share portfolio	**8,115,274**
Liquidity Accounts	200,518
Fixed Own Portfolio Account	7,914,756

During FY 2020, the movements in the treasury share portfolio of the Parent were as follows:

	Treasury shares		
	Number of shares	Nominal amount	Average acquisition price
Balance at 12.31.2019	**556,815**	**3,328,497**	**5.98**
Acquisitions	951,635	16,019,484	16.83
Disposals	(1,024,105)	(11,232,707)	10.97
Balance at 12.31.2020	**484,345**	**8,115,274**	**16.75**

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

At December 31, 2020 treasury shares represent 2% of all the Parent's shares.

10. Average supplier payment period

In compliance with Law 31/2014, of December 3, which amends additional provision three of Law15/2010, 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, Grenergy Renovables, S.A., to its suppliers was 56.21 days.

11. Annual Corporate Governance Report

The Annual Corporate Governance Report for 2020 is attached as an appendix and forms an integral part hereof, as provided in article 526 of the Corporate Enterprises Act.

12. Events after the reporting period

No significant events took place between December 31, 2020 and the date of authorization for issue of the accompanying consolidated financial statements that may require disclosure.

13. 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 achieve the established targets or the results obtained.

Appendix I: Glossary of alternative performance measures (APM)

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

APMs are presented to provide a better assessment of the Group's financial performance, cash flows, and financial position, to the extent that Grenergy uses them when making financial, operational, or strategic decisions for the Group. However, these APMs are not audited, nor is it necessary to disclose or present them under IFRS-EU. Therefore, they must not be considered individually but rather as complementary information to the audited financial data or the financial information subject to limited reviews prepared in accordance with IFRS-EU standards. Further, these measures may differ in both definition as well as in their calculation as compared to similar measures used by other companies, and are thus not necessarily comparable.

The following is an explanatory glossary of APMs utilized, including calculation methods, and definition/relevance, as well as their reconciliation with items recorded in Grenergy's 2020 and 2019 consolidated financial statements.

ALTERNATIVE PERFORMANCE MEASURE (*APM*)	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 obtained from the Group's operating activities.
EBITDA	"*Operating profit*" - "*Impairment and losses*" - "*Amortization and depreciation of assets.*"	Indicates the Group's profit-generating capacity, solely based on its operating activities, eliminating depreciation/amortization provisions and impairment losses on assets.
Net debt	"*Non-current borrowings*" + "*Current borrowings*" - "*Current financial investments*" - "*Other financial assets*" - "*Cash and cash equivalents.*"	A figure for use in analyzing the Group's financial position.
Non-current bank borrowings	"Non-current: Bonds and other marketable securities" + "*Non-current bank borrowings*" + "*Non-current finance lease liabilities*" - Non-current project bank borrowings.	The amount of financial debt payable by the Group over a period exceeding one year.
Current bank borrowings	"*Current bank borrowings*" + "*Current finance lease liabilities*" - 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 balance	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 secured borrowings of the Parent.
Recourse project treasury	"*Cash and cash equivalents*" – Cash in hand and equivalents – Unsecured project treasury	The amount disbursed by the financing entity attributable to project construction.
Unsecured project debt	Non-current unsecured project finance bank borrowings+ Current unsecured project finance bank borrowings	Indicates unsecured borrowings of the Parent.
Unsecured project treasury	"*Cash and cash equivalents*" - Cash in hand and equivalents and unsecured project treasury	The amount disbursed by the financing entity attributable to project construction.

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

Income

RECONCILIATION OF INCOME	12/31/2020	12/31/2019
"*Revenue*"	73,385,606	72,289,630
+ *"Work performed by the entity and capitalized"*	40,046,215	12,239,733
+ "*Gains (losses) on disposals and other*"	--	516
Total income	**113,431,821**	**84,529,879**

EBITDA

RECONCILIATION OF EBITDA	12/31/2020	12.31.2019
"*Operating profit*"	23,165,812	17,518,566
- "*Impairment and losses*"	275,386	(291,320)
- "*Depreciation and amortization*"	(799,271)	(660,945)
Total EBITDA	**23,689,697**	**18,470,831**

Net debt

RECONCILIATION OF NET DEBT	12/31/2020	12.31.2019
"*Non-current borrowings*"	132,460,789	67,239,122
+ "*Current borrowings*"	23,001,762	9,642,204
- "*Current financial investments*"—"*Other financial assets*"	6,460,724	6,873,062
- "*Cash and cash equivalents*"	20,569,250	28,773,087
Total Net Debt	**128,432,577**	**41,235,177**

Non-current financial debt

RECONCILIATION OF NON-CURRENT FINANCIAL DEBT	12/31/2020	12/31/2019
"*Non-current: Bonds and other marketable securities*"	21,496,590	21,539,686
"*Non-current bank borrowings*"	106,608,483	41,764,740
+ "*Non-current finance lease liabilities*"	4,199,527	3,726,447
+ "*Non-current derivatives*"	2,044,363	--
- Non-current project finance bank borrowings	(99,322,680)	(40,933,480)
Total non-current financial debt	**35,026,283**	**26,097,393**

Current financial debt

RECONCILIATION OF CURRENT FINANCIAL DEBT	12/31/2020	12/31/2019
"*Bonds and other marketable securities*"	151,920	--
+ "*Current bank borrowings*"	16,716,858	4,953,157
+ "*Current finance lease liabilities*"	681,559	692,217
+ "*Current derivatives*"	352,692	654,429
- Current project finance bank borrowings	(13,070,242)	(1,458,523)
Total current financial debt	**4,832,787**	**4,841,280**

Cash and cash equivalents

RECONCILIATION OF CASH AND CASH EQUIVALENTS	12/31/2020	12/31/2019
"*Cash and cash equivalents*"	20,569,250	28,773,087
- Project treasury	(8,076,740)	(8,365,082)
Total cash and cash equivalents	**12,492,510**	**20,408,005**

Recourse project finance

RECONCILIATION OF RECOURSE PROJECT FINANCE	12/31/2020	12/31/2019
Non-current recourse project finance bank borrowings	40,399,620	40,933,480
+ Current recourse project finance bank borrowings	9,983,315	1,458,523
Total recourse project finance	**50,382,935**	**42,392,003**

Unsecured project debt

RECONCILIATION OF UNSECURED PROJECT DEBT	12/31/2020	12/31/2019
Non-current unsecured project finance bank borrowings	58,923,060	--
+ Current unsecured project finance bank borrowings	3,086,927	--
Total recourse project finance	**62,009,987**	**--**

Recourse project treasury

RECONCILIATION OF RECOURSE PROJECT TREASURY	12/31/2020	12/31/2019
"*Cash and cash equivalents*"	20,569,250	28,773,087
- Cash in hand and equivalents	(12,492,510)	(20,408,005)
- Unsecured project treasury	(2,445,133)	--
Total recourse project treasury	**5,631,607**	**8,365,082**

Unsecured project treasury

RECONCILIATION OF UNSECURED PROJECT TREASURY	12/31/2020	12/31/2019
"*Cash and cash equivalents*"	20,569,250	28,773,087
- Cash in hand and equivalents	(12,492,510)	(20,408,005)
- Recourse project treasury	(5,631,607)	(8,365,082)
Total unsecured project treasury	**2,445,133**	**--**

AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2020

The consolidated financial statements and consolidated management report for FY 2020 were authorized for issue by the Board of Directors of the Parent, GRENERGY RENOVABLES, S.A., in its meeting on February 23, 2021, for the purpose of submission for verification by the 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 consolidated management report for FY 2020.

(Signed on the original version in Spanish)	(Signed on the original version in Spanish)
Mr. David Ruiz de Andrés (Chief Executive Officer)	Mr. Antonio Jiménez Alarcón (Board Member)
(Signed on the original version in Spanish)	(Signed on the original version in Spanish)
Mr. Florentino Vivancos Gasset (Board Member)	Ms. Ana Peralta Moreno (Board Member)
(Signed on the original version in Spanish)	(Signed on the original version in Spanish)
Mr. Nicolás Bergareche Mendoza (Board Member)	Ms. María del Rocío Hortigüela Esturillo (Board Member)