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

# INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Solarpack Corporación Tecnológica, S.A.,

## Report on the Consolidated Financial Statements

### Opinion

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

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

### Basis for Opinion

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

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

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

### Key Audit Matters

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

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª.
C.I.F.: B-79104469. Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

| Accounting for the business combination effected in the year | |
|---|---|
| **Description** | **Procedures applied in the audit** |
| As indicated in Note 2.8, in 2019 the Group acquired two companies which operate solar PV plants in Peru. This transaction was considered to be a business combination. Consequently, the Group accounted for the business combination, which resulted in the recognition for accounting purposes of intangible assets and property, plant and equipment amounting to EUR 50 million and EUR 128 million, respectively, and EUR 7.8 million relating to the gain from a bargain purchase, which was recognised with a credit to "Other Income and Expenses" in the consolidated statement of profit or loss for 2019.<br><br>In this context, the determination of the fair value of the assets acquired and the liabilities assumed, which was performed by an independent expert engaged by the Group, as well as of the gain on a bargain purchase arising on the acquisition date, required the application of valuation techniques and the estimation of discounted future cash flows, which require significant judgements and estimates to be made with respect to the assumptions considered (for example estimated sales or the discount rate used). For these reasons, we considered this matter to be a key matter in our audit. | Our audit procedures included, among others, obtaining the analysis performed by the Group and by the expert engaged to allocate the purchase price, and verifying the clerical accuracy of the calculations made and the reasonableness of the main assumptions considered therein (basically those relating to future cash flow forecasts and the discount rates).<br><br>We evaluated the competence, capability and objectivity of the expert engaged by the Group to determine the fair value of, inter alia, the assets acquired. Also, we obtained an understanding of the work performed by these experts and of the appropriateness of that work as audit evidence.<br><br>To this end, we analysed whether the future cash flow forecasts considered in the analysis performed were consistent with external data. We also evaluated the reasonableness of the key assumptions considered with supporting documentation associated with the aforementioned companies.<br><br>We involved our internal valuation experts in order to evaluate, mainly, the methodology employed in the analysis conducted, both by the Group and by the experts engaged by it.<br><br>Lastly, we checked that the disclosures included in Note 2.8 to the accompanying consolidated financial statements in connection with this matter were in conformity with those required by the applicable accounting regulations. |

| Measurement of non-current assets and solar PV plants | |
|---|---|
| **Description** | **Procedures applied in the audit** |
| The Group operates solar PV plants and at 31 December 2019 had recognised assets associated with solar plants in operation with a net carrying amount of EUR 389 million, together with intangible assets associated therewith amounting to EUR 70 million, under "Property, Plant and Equipment" and "Intangible Assets" in the balance sheet. Of this amount, EUR 180 million were acquired in 2019 in the business combinations explained in Note 2.8.<br><br>At each reporting date, the Group analyses whether there is any indication that these assets might have become impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The methodology for determining the recoverable amount is based on the comparison of the actual profit or loss obtained by those plants with the expected profit or loss in the base case (the base case relates to the revenue and profit or loss estimates prepared at the time the investment decision was made).<br><br>As the determination and existence of indications of impairment -and the estimation of the recoverable amount, where appropriate- require the application of a high degree of judgement, the situation described was considered to be a key matter in our audit. | Our audit procedures included, among others, the review of the analyses carried out by Group management to identify indications of impairment and, where appropriate, the review of the estimated recoverable amounts, based on the so-called base cases, of those assets that had indications of impairment.<br><br>In this regard, for the plants for which signs of impairment were identified, we analysed the reasonableness of the measurement procedures and methodology used by the Group's management.<br><br>Specifically, we analysed the consistency of the future cash flow forecasts envisaged in the base cases, and we analysed the reasonableness of the main assumptions applied (such as the expected evolution of revenue), also carrying out a sensitivity analysis on these assumptions.<br><br>We also reviewed the appropriateness of the disclosures made by the Group in relation to these matters, which are included in Note 6 to the consolidated financial statements. |

**Recognition of revenue by reference to stage of completion**

| Description | Procedures applied in the audit |
|---|---|
| As indicated in Notes 9 and 20.1, in 2019 the Company recognised revenue amounting to EUR 34 million relating to the development and construction of two projects located in Spain, which at 31 December 2019 had not been completed, in accordance with the percentage of completion method.<br><br>Although the duration of these projects is less than one year, the determination of the stage of completion requires the estimation of the revenue to be recognised on the basis of the percentage of costs incurred in relation to the total budgeted costs.<br><br>Accordingly, the situation described was considered to be a key matter in our audit. | Our audit procedures included, among others, the review and analysis of the most important contracts with management, with the aim of obtaining an adequate understanding of the agreed-upon terms, as well as other supporting documentation associated with the projects. Additionally, we checked that the revenue recognised was in accordance with the terms and conditions reflected in those contracts, and verified the price agreed for them, as well as the reasonableness of the cost budgets considered. In addition, we analysed the reasonableness of the percentage of completion reached at year-end, and checked that there were no unexpected variances in costs or in the stage of completion of the contract, or any modifications to the price not initially agreed upon.<br><br>Lastly, we verified that the disclosures included in Notes 9 and 20.1 to the accompanying consolidated financial statements in connection with this matter were in conformity with those required by the applicable accounting regulations. |

## Other Information: Consolidated Directors’ Report

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

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

a) A specific level that applies to certain information included in the Annual Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the consolidated directors' report and, if this is not the case, reporting this fact.

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

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

## Responsibilities of the Directors and Audit Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors 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 Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

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

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix to this auditor's report. This description forms part of our auditor's report.

# Report on Other Legal and Regulatory Requirements

## Additional Report to the Parent's Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit committee dated 27 February 2020.

## Engagement Period

The Annual General Meeting of Solarpack Corporación Tecnológica, S.L. -currently Solarpack Corporación Tecnológica, S.A.- held on 29 June 2018 appointed us as auditors of the Group for a period of three years from the year ended 31 December 2017.

## Appendix to our auditor's report

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.
- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's audit committee 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 Parent's audit committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's 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.

## SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
## AND SUBSIDIARIES COMPOSING THE SOLARPACK GROUP

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 DECEMBER 2019 AND 31 DECEMBER 2018 (Notes 1, 2 and 3)

(Euros)

| ASSETS | Explanatory notes | 31.12.2019 | 31.12.2018 (*) |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| **Intangible assets** | 6 | **74.254.310** | **24.436.070** |
| Goodwill | | 3.717.534 | 3.567.470 |
| Concessions | | 5.882.474 | 5.690.237 |
| Patents, licenses, trademarks and similar items | | 64.322.392 | 14.869.069 |
| Computer software | | 331.910 | 309.294 |
| **Property, plant and equipment** | 6 | **476.890.450** | **175.135.723** |
| Property, plant and equipment-solar PV plants | | 389.090.514 | 170.048.561 |
| Lands rights of use | | 12.347.937 | - |
| Property, plant and equipment in the course of construction-solar PV plants | | 74.909.858 | 4.551.215 |
| Other items of property, plant and equipment | | 542.141 | 535.947 |
| **Non-current investments in Group companies and associates** | | **3.987.538** | **4.233.181** |
| Investments accounted for using the equity method | 7 | 1.991.765 | 2.266.915 |
| Loans to companies accounted for using the equity method | 7 y 8 | 1.995.773 | 1.966.266 |
| **Non-current financial assets** | | **400.382** | **5.477.408** |
| Non-current equity instruments | 8 | 7.070 | 4.720.088 |
| Long-term loans to third parties | 8 | 82.518 | 82.518 |
| Derivatives | 8 y 15 | - | 371.886 |
| Other non-current financial assets | 8 | 310.794 | 302.916 |
| **Deferred tax assets** | 18 | **18.793.083** | **10.459.082** |
| | | **574.325.763** | **219.741.464** |
| **CURRENT ASSETS** | | | |
| **Inventories** | 10 | **9.966.796** | **3.679.941** |
| Goods held for resale | | 8.234.160 | 3.541.981 |
| Advances to suppliers | | 1.732.636 | 137.960 |
| **Trade and other receivables** | 9 | **76.057.550** | **13.753.475** |
| Trade receivables for sales and services | | 45.309.785 | 11.560.098 |
| Trade receivables from Group companies and associates | | 518.216 | 329.303 |
| Sundry accounts receivable | | 113.618 | 343.218 |
| Other accounts receivable from public authorities | 17 | 30.115.931 | 1.520.856 |
| **Current investments in Group companies and associates** | | **571.076** | **544.017** |
| Loans to companies accounted for using the equity method | 7 y 8 | 571.076 | 544.017 |
| **Current financial assets** | 8 | **8.664.967** | **9.532.166** |
| Short-term loans to third parties | | 73.696 | 70.501 |
| Other current financial assets | | 8.591.271 | 9.461.665 |
| **Current prepayments and accrued income** | | **1.239.690** | **380.553** |
| **Cash and cash equivalents** | 11 | **34.752.943** | **94.279.603** |
| Cash | | 34.752.943 | 94.279.603 |
| | | **131.253.022** | **122.169.755** |
| **TOTAL ASSETS** | | **705.578.785** | **341.911.219** |

| EQUITY AND LIABILITIES | Explanatory notes | 31.12.2019 | 31.12.2018 (*) |
|---|---|---|---|
| **EQUITY** | | | |
| **Attributable to the Parent-** | | **161.810.089** | **154.652.157** |
| **Share capital** | 12.1 | **13.301.205** | **13.301.205** |
| Registered share capital | | 13.301.205 | 13.301.205 |
| **Share premium** | 12.1 | **109.586.031** | **109.586.031** |
| **Reserves** | 12.2 | **36.986.675** | **27.977.847** |
| Legal and bylaw reserves | | 80.000 | 80.000 |
| Other reserves | | 36.906.675 | 27.897.847 |
| **Profit for the period** | | **11.908.182** | **5.014.958** |
| **Hedging transactions** | 15 | **(3.895.405)** | **-** |
| **Translation differences** | 12.4 | **(6.076.599)** | **(4.033.600)** |
| **Assets measured at fair value through other comprehensive income** | 8 | **-** | **2.805.716** |
| **Attributable to non-controlling interests** | 12.5 | **4.381.372** | **4.854.561** |
| | | **166.191.461** | **159.506.718** |
| **NON-CURRENT LIABILITIES** | | | |
| **Long-term provisions** | 13 | **5.882.002** | **1.682.263** |
| **Non-current payables** | 14 | **357.583.623** | **143.621.333** |
| Bank borrowings associated with solar PV plants | | 321.994.727 | 121.744.927 |
| Derivatives | 15 | 8.887.371 | 4.353.208 |
| Subordinated debt with non-controlling interests related to solar PV plants | | 3.509.794 | 2.984.661 |
| Other financial liabilities | | 23.191.731 | 14.538.537 |
| **Non-current payables to Group companies and associates** | | **-** | **1.197** |
| **Long-term provisions for employee benefits** | 20.3 | **3.521.409** | **-** |
| **Deferred tax liabilities** | 18 | **29.965.437** | **5.800.087** |
| | | **396.952.471** | **151.104.880** |
| **CURRENT LIABILITIES** | | | |
| **Short-term provisions** | 13 | **139.920** | **180.540** |
| **Current payables** | | **87.457.092** | **16.079.990** |
| Bank borrowings and other financial liabilities | 14 | 42.237.778 | 3.502 |
| Bank borrowings associated with solar PV plants | 14 | 38.053.010 | 11.370.217 |
| Subordinated debt with non-controlling interests related to solar PV plants | 14 | 693.058 | 1.161.302 |
| Derivatives | 15 | 105.624 | - |
| Other financial liabilities | 14 | 6.367.622 | 3.544.969 |
| **Current payables to Group companies and associates** | | **125** | **125** |
| **Trade and other payables** | 16 | **54.631.591** | **14.834.131** |
| Payable to suppliers | | 43.822.128 | 10.955.128 |
| Sundry accounts payable | | 30.610 | 5.777 |
| Remuneration payable | | 684.054 | 420.458 |
| Other accounts payable to public authorities | 17 | 3.875.314 | 2.477.307 |
| Customer advances | | 6.219.485 | 975.461 |
| **Current accruals and deferred income** | | **206.125** | **204.835** |
| | | **142.434.853** | **31.299.621** |
| **TOTAL EQUITY AND LIABILITIES** | | **705.578.785** | **341.911.219** |

(*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 28 are an integral part of the consolidated statement of financial position as at 31 December 2019.

## SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
## AND SUBSIDIARIES COMPOSING THE SOLARPACK GROUP

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
### FOR THE PERIOD ENDED 31 DECEMBER 2019 AND 2018 (Notes 1, 2 and 3)

(Euros)

| | Explanatory notes | Period 2019 | Period 2018 (*) |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| **Revenue** | **20.1** | **82.825.392** | **26.907.438** |
| Sales | | 82.825.392 | 26.907.438 |
| **Changes in inventories of finished goods and work in progress** | | **4.815.526** | **2.318.985** |
| **In-house work on non-current assets** | | **2.228.641** | 765.480 |
| **Other operating income** | **20.2** | **57.982** | **108.712** |
| Non-core and other current operating income | | - | 62.001 |
| Income-related grants transferred to profit or loss | | 57.982 | 46.711 |
| **OPERATING INCOME** | | **89.927.541** | **30.100.615** |
| | | | |
| **Procurements** | **10** | **(35.863.207)** | **(4.221.903)** |
| **Staff costs** | **20.3** | **(11.555.236)** | **(6.673.689)** |
| Wages, salaries and similar expenses | | (10.388.393) | (5.804.962) |
| Employee benefit costs | | (1.166.843) | (868.727) |
| **Other operating expenses** | **20.4** | **(14.293.338)** | **(6.533.710)** |
| Outside services | | (10.941.399) | (5.785.733) |
| Taxes other than income tax | | (3.251.958) | (793.376) |
| Losses on and write-down of trade receivables and changes in provisions for commercial transactions | **13** | (99.981) | 45.399 |
| **Depreciation and amortisation charge** | **6 y 10** | **(12.658.683)** | **(3.568.838)** |
| **Impairment and gains or losses on disposal of fixed assets** | | **(2.019.590)** | **(10)** |
| **Other income and expenses** | **20.5** | **7.888.044** | **1.927.071** |
| **OPERATING EXPENSES** | | **(68.502.010)** | **(19.071.079)** |
| | | | |
| **PROFIT FROM OPERATIONS** | | **21.425.531** | **11.029.536** |
| **Finance income** | **21** | **1.068.362** | **653.077** |
| From investments in equity instruments | | 287.704 | - |
| From marketable securities and other financial instruments | | 780.658 | 653.077 |
| **Finance costs** | **21** | **(13.994.023)** | **(9.174.854)** |
| On debts to third parties | | (13.994.023) | (9.174.854) |
| **Changes in fair value of financial instruments** | | **654.763** | **(1.876.613)** |
| **Exchange differences** | **7** | **3.422.567** | **842.682** |
| **Impairment and gains or losses on disposals of financial instruments** | | **(448.092)** | **4.018.765** |
| **FINANCIAL PROFIT (LOSS)** | **7** | **(9.296.423)** | **(5.536.943)** |
| **Share of profits (losses) of companies accounted for using the equity method** | | **189.167** | **361.424** |
| **PROFIT BEFORE TAX** | **17 y 19** | **12.318.275** | **5.854.017** |
| **Income tax** | | **(320.782)** | **(294.728)** |
| **PROFIT FOR THE PERIOD** | | **11.997.493** | **5.559.289** |
| | | | |
| Profit attributable to non-controlling interests | | 89.311 | 544.331 |
| Profit attributable to the Parent | | 11.908.182 | 5.014.958 |
| | | | |
| **Profit / (Loss) per participación (en euros):** | | | |
| Basic | **22.1** | 0,36 | 1,16 |
| Diluted | **22.2** | 0,36 | 1,16 |

(*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 28 are an integral part of the consolidated statement of profit or loss for the period ended 31 December 2019.

# SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
# AND SUBSIDIARIES COMPOSING THE SOLARPACK GROUP

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
## FOR THE PERIOD ENDED 31 DECEMBER 2019 AND 2018 (Notes 1, 2 and 3)

(Euros)

### A) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2019 AND 2018

| | Period ended 31 December 2019 | Period ended 31 December 2018 (*) |
|---|---|---|
| **A) CONSOLIDATED PROFIT PER STATEMENT OF PROFIT OR LOSS** | **11.997.493** | **5.559.289** |
| **B) OTHER COMPREHENSIVE INCOME** | | |
| **Items that may be subsequently reclassified to profit or loss** | | |
| Foreign currency translation differences | (2.412.263) | (829.050) |
| Adjustments for value change (Note 15) | (5.564.919) | - |
| Assets measured at fair value through other comprehensive income | 1.401.669 | 2.925.687 |
| Tax effect | 1.476.278 | (119.971) |
| | **(5.099.235)** | **1.976.666** |
| **TOTAL COMPREHENSIVE INCOME (A+B)** | **6.898.258** | **7.535.955** |
| **Attributable to:** | | |
| a) Attributable to the Parent | 7.371.447 | 6.820.351 |
| b) Attributable to non-controlling interests | (473.189) | 715.604 |

(*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 28 are an integral part of the consolidated statement of comprehensive income for the period ended 31 December 2019.

### B) CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2019 AND 2018

| | Share capital (Note 12.1) | Share premium (Note 12.1) | Retained earnings (Note 12.2) | Profit for the period | Interim dividend (Note 12.3) | Adjustments for value change (Note 15) | Translation differences | Assets measured at fair value through other comprehensive income | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31 January 2017** | **426.650** | **5.213.067** | **41.870.263** | **4.725.577** | **(262.900)** | | **(3.033.277)** | **-** | **4.020.259** | **52.959.639** |
| **IFRS 9 Application (Notes 2.2 and 8)** | **-** | **-** | **(75.577)** | **-** | **-** | | **-** | **-** | **-** | **(75.577)** |
| **Adjusted Balance at 31 January 2017** | **426.650** | **5.213.067** | **41.794.686** | **4.725.577** | **(262.900)** | **-** | **(3.033.277)** | **-** | **4.020.259** | **52.884.062** |
| Distribution of profit for the period: | | | | | | - | | | | |
| To reserves | - | - | 4.725.577 | (4.725.577) | - | - | - | - | - | - |
| Recognised income and expense | - | - | - | 5.014.958 | - | - | (1.000.323) | 2.805.716 | 715.604 | 7.535.955 |
| Dividends (Note 12.3) | - | - | (168.012) | - | - | - | - | - | - | (168.012) |
| Interim dividends | - | - | (262.900) | - | 262.900 | - | - | - | - | - |
| Other transactions (Note 12.1) | (26.649) | (325.834) | (5.084.469) | - | - | - | - | - | - | (5.436.952) |
| Capital encrease with charge to freely available reserves(Note 12.1) | 7.599.999 | | (7.599.999) | | | - | | | | |
| Capital increase (Stock Market) (Note 12.1) | 5.301.205 | 104.698.798 | (5.450.173) | - | - | - | - | - | - | 104.549.830 |
| Changes in the scope of consolidation (Note 2.8) | - | - | - | - | - | - | - | - | 146.576 | 146.576 |
| Other changes | - | - | 23.137 | | - | - | - | - | (27.878) | (4.741) |
| **Balance at 31 December 2018** | **13.301.205** | **109.586.031** | **27.977.847** | **5.014.958** | **-** | **-** | **(4.033.600)** | **2.805.716** | **4.854.561** | **159.506.718** |
| Distribution of profit for the period: | | | | | | | | | | |
| To reserves | - | - | 5.014.958 | (5.014.958) | - | - | - | - | - | - |
| Recognised income and expense | - | - | - | 11.908.182 | - | (3.895.405) | (2.042.999) | 1.401.669 | (473.189) | 6.898.258 |
| Changes in the scope of consolidation (Note 2.8) | - | - | 4.207.385 | - | - | - | - | (4.207.385) | - | - |
| Changes in the scope of companies accounted for using the equity method | | | | | | | | | | |
| Capital encrease with charge to freely available reserves(Note 12.1) | - | - | (213.515) | - | - | - | - | - | - | (213.515) |
| Other changes | - | - | - | - | - | - | - | - | - | - |
| **Balances at 31 December 2019** | **13.301.205** | **109.586.031** | **36.986.675** | **11.908.182** | **-** | **(3.895.405)** | **(6.076.599)** | **-** | **4.381.372** | **166.191.461** |

(*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 28 are an integral part of the consolidated statement of changes in total equity for the period ended 31 December 2019.

**SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.**
**AND SUBSIDIARIES COMPOSING THE SOLARPACK GROUP**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE PERIOD ENDED 31 DECEMBER 2019 AND 2018 (Notes 1, 2 and 3)**

(Euros)

| | Explanatory notes | Period ended 31 December 2019 | Period ended 31 December 2018 (*) |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES (I)** | | **(9.816.161)** | **(3.705.065)** |
| **Profit for the period before tax** | | **12.318.275** | **5.854.017** |
| **Adjustments for-** | | **19.781.134** | **7.933.488** |
| - Depreciation and amortisation charge | **6** | 12.658.683 | 3.568.838 |
| - Losses on and write-down of trade receivables and changes in provisions for commercial transactions | | 99.981 | (45.399) |
| - Impairment and gains or losses on disposal of financial instruments | **7 y 8** | 448.092 | (4.018.765) |
| - Impairment and gains or losses on disposal of fixed assets | **6** | 2.019.590 | 10 |
| - Changes in fair value of financial instruments | **7, 8 y 15** | (654.763) | 1.876.613 |
| - Finance income | **21** | (1.068.362) | (653.077) |
| - Finance costs | **21** | 13.994.023 | 9.174.854 |
| - Exchange rate differences | **21** | (3.422.567) | (842.682) |
| - In-house work on non-current assets | **6** | (2.228.641) | (765.480) |
| - Changes in provisions | **13** | 2.436.523 | - |
| - Long-term provisions for employee benefits | **20.3** | 3.521.409 | - |
| - Share of profits (losses) of companies accounted for using the equity method | **7** | (189.167) | (361.424) |
| - Other results | **2.8** | (7.833.667) | - |
| **Changes in working capital-** | | **(30.318.728)** | **(9.734.199)** |
| - Inventories | **10** | (6.432.432) | (4.697.599) |
| - Trade and other receivables | **9** | (60.938.530) | (3.768.520) |
| - Other current assets | | 228.319 | (1.711.798) |
| - Trade and other payables | **16** | 36.823.915 | 73.660 |
| - Other non-current assets and liabilities | | - | 370.058 |
| **Other cash flows from operating activities-** | | **(11.596.842)** | **(7.758.371)** |
| - Interest paid | | (12.665.204) | (9.174.854) |
| - Interest received | | 780.658 | 653.077 |
| - Dividends received | | 287.704 | 763.406 |
| **CASH FLOWS FROM INVESTING ACTIVITIES (II)** | | **(199.274.228)** | **(20.855.673)** |
| **Payments due to investment-** | | **(200.273.308)** | **(20.855.673)** |
| - Non-current assets | | (172.849.856) | (2.672.518) |
| - Business combination | **2.8** | (27.423.452) | (18.183.155) |
| **Proceeds from disposal-** | | **999.080** | **-** |
| - Non-current assets | | - | - |
| - Other financial assets | | 999.080 | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES (III)** | | **150.994.526** | **99.732.122** |
| **Proceeds and payments relating to equity instruments-** | | - | **102.828.720** |
| - Proceeds from equity instruments | **12** | - | 102.828.720 |
| **Proceeds and payments relating to financial liability instruments-** | | **150.994.526** | **(2.928.586)** |
| - Proceeds from issue of bank borrowings, net | | 150.995.723 | - |
| - Proceeds from issue of intercompany borrowings, net | | - | 428.873 |
| - Repayment of bank borrowings | | - | (3.213.117) |
| - Repayment of other borrowings | | (1.197) | (144.342) |
| **Dividends and returns on other equity instruments paid-** | | - | **(168.012)** |
| - Dividends | **12** | - | (168.012) |
| **EFFECT OF FOREIGN EXCHANGE RATE CHANGES (IV)** | | **(1.430.797)** | **(420.530)** |
| **NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)** | | **(59.526.660)** | **74.750.854** |
| Cash and cash equivalents at beginning of period | | 94.279.603 | 19.528.749 |
| Cash and cash equivalents at end of six-month period | | 34.752.943 | 94.279.603 |

(*) Presented for comparison purposes only (see Note 2.5).

The accompanying Notes 1 to 28 are an integral part of the statement of cash flows period ended 31 December 2019.

# Solarpack Corporación Tecnológica, S.A. and Subsidiaries

Explanatory notes to the financial statements ended 31 December 2019

## 1. Incorporation and activities of the Group

### *1.1 Activities*

Solarpack Corporación Tecnológica, S.A. (hereinafter the "Parent Company" was incorporated on 1 April 2005 as a limited liability company for an indefinite period of time. Its employer identification number is A-95.363.859. Its registered office is at Avenida Algorta, 16 3º, Getxo, Vizcaya, where it carries out its business activities.

Solarpack Corporación Tecnológica, S.A. and its subsidiaries (hereinafter, the "Group" or "Solarpack Group") has as its corporate purpose and main activity the promotion and management of renewable energy producers, including the supply, installation and assembly of equipment and facilities for power plants and the construction and sale of photovoltaic farms, as well as the production and sale of solar PV energy from solar plants that it owns.

The Solarpack Group carries out its activities in the solar PV energy industry.

The Group's operational geographical scope is currently, and mainly, Spain, Latin America (Chile, Peru, Uruguay and Colombia, principally), the United States of America, South Africa, India and Southeast Asia.

Solarpack Corporación Tecnológica, S.A. is the parent company of the Group. In accordance with existing legislation, the directors of Solarpack Corporación Tecnológica, S.A. formally prepare consolidated financial statements for the subgroup controlled by the latter in order to present fairly its financial position and results and which are presented in accordance with the International Financial Reporting Standards (IFRSs) adopted for use in the European Union (EU-IFRSs), approved by European Commission Regulations and effective at 31 December 2019.

On 5 December 2018, the shares of the Parent Company were admitted to trading on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges.

**Preparation of the financial statements**

These consolidated financial statements and explanatory notes were prepared by the Board of Directors on 27 February 2020. For their part, the financial statements for 2018 were approved by the shareholders at the General Meeting held on 29 March 2019.

### *1.2 Regulatory framework*

Both Solarpack Corporación Tecnológica, S.A. and some of its fully consolidated subsidiaries and investees recorded using the equity method carry out solar PV activities in Spain and abroad (see the Annex to these explanatory notes), which are heavily influenced by the applicable regulatory frameworks. Set forth below is a description of the fundamental regulations affecting the Solarpack Group:

## Industry regulations in Spain

Law 15/2012 on tax measures for energy sustainability was published on 27 December 2012. This Law, which came into force on 1 January 2013, established, among other measures, a tax on the value of electricity, which taxes at 7% the performance of production activities and feeding of electricity into the electricity system.

Royal Decree-Law 2/2013, of 1 February, on urgent measures in the electricity system and in the financial services sector was published on 2 February 2013. It automatically, and effective 1 January, eliminated the possibility afforded to electricity production facilities under the special regime of choosing their power sale system, with all facilities being obliged to supply their power under the tariff system, while at the same time eliminating the reference premiums and the limits that applied to the market sale option. Said Royal Decree-Law also provided that remuneration, tariffs and premiums would be revised on the basis of CPI inflation disregarding changes in taxes and excluding unprocessed food and energy products.

Royal Decree-Law 9/2013, of 12 July, on urgent measures to guarantee the financial stability of the electricity system, was published on 13 July 2013. This Royal Decree-Law repealed the regulations that hitherto regulated the legal and economic system applicable to existing electricity production facilities using renewable energy sources, cogeneration and waste whose remuneration included a premium, while mandating the Government to, at the proposal of the Minister of Industry, Energy and Tourism, approve a Royal Decree establishing the new remuneration system for these facilities to bring it into line with the principles established in the new wording of Article 30.4 of the Spanish Electricity System Law, i.e., (i) participation in the market; (ii) reasonable return; and (iii) efficient and well-managed enterprise. For these purposes, it is established that for facilities which, on the date on which Royal Decree-Law 9/2013 entered into force, were entitled to a premium-based economic system, reasonable return will be based, before taxes, on the average yield of Spanish Government Bonds on the secondary market over the ten years preceding the entry into force of the Royal Decree-Law, plus 300 basis points, reviewable every six (6) years.

The starting point for the remuneration of the special regime electricity production facilities is the definition of standard facilities serving, for each type of technology, as the model for calculating that remuneration.

The following will be taken into account in this remuneration: (i) the standard revenue from the sale of energy produced at a market price; (ii) a return on the investment comprising a term for each unit of installed capacity which, with respect to the standard value of the initial investment, if necessary, covers the investment costs that will not be recovered from the sale of energy on the market; and (iii) remuneration for operation which, with respect to the standard operating costs, covers, where necessary, the difference between those costs and the revenue obtained by the standard facility from its participation in the market.

The regulations provide for the automatic allocation of each specific facility to the standard facility applicable to it.

The new remuneration system for these facilities has been in place since the entry into force of Royal Decree-Law 9/2013, i.e., since 14 July 2013. However, until the provisions needed for the Royal Decree regulating the new legal and economic system applicable to facilities to be fully applicable had been approved, the rules repealed by the Royal Decree-Law continued to apply, with the amounts received during this transitional period being considered to be advances.

Spanish Electricity System Law 24/2013, of 26 December, was published on 27 December 2013. Following the multiple and continual regulatory changes that had distorted the normal functioning of the industry, the Law has provided the necessary regulatory stability while undertaking the structural reforms that guarantee the long-term sustainability of the system. Among other things, the Law introduces as general concepts timing mismatches in the year-end settlements and transitional variances in the monthly settlements, as well as the adjusting mechanisms if system revenue is lower than system costs. For the purposes of renewable energy production facilities, the Law reflects the provisions approved in the aforementioned Royal Decree-Law 9/2013, clarifying matters relating to the regularisation of the revenue received in the form of advances.

In February 2014 the Spanish National Markets and Competition Commission approved a draft Ministerial Order implementing the rules contained in the aforementioned Royal Decree-Law and established the new remuneration parameters for these facilities from 14 July 2013 onwards.

On 6 June 2014, the Spanish Cabinet approved Royal Decree 413/2014 regulating the generation of electricity using renewable energy sources, cogeneration and waste. This Royal Decree implements the economic system established in Royal Decree-Law 9/2013, of 12 July. On 20 June 2014, Ministry of Industry, Economy and Tourism Order IET/1045/2014, of 16 June, was published approving the standard facility remuneration parameters applicable to certain electricity production facilities using renewable energy sources, cogeneration and waste applicable for the first regulatory semi-period that ended on 31 December 2016. On that date the new remuneration provided for in Ministerial Order ETU/130/2017 started to apply for the three-year period from 2017 to 2019.

Ministerial Order IET/1168/2014, of 3 July was published on 7 July 2014 and determines the date of automatic registration (9 July 2014) of certain facilities in the specific remuneration system register provided for in Royal Decree 413/2014.

Royal Decree-Law 17/2019, of 22 November, on urgent measures for the necessary adaptation of remuneration parameters that affect the electricity system, was published on 23 November 2019. This Royal Decree-Law provides, exceptionally for those electricity production facilities using renewable energy sources, among others and in certain cases, that the value for the first regulatory period of 7.398% on which the reasonable return will be based, cannot be reviewed during the two regulatory periods that occur, consecutively, from 1 January 2020.

On 3 December 2019, Circular 4/2019 of 27 November was published, establishing the new methodology for the remuneration of the operator of the electricity system, and on 30 January 2020 the CNMC Resolution was published indicating the amount of said compensation. According to the aforementioned regulations, in 2020 the remuneration to REE that producers must pay is made up of a fixed fee of €200/month and plant and a variable fee of €0.13741/MWh.

On 24 January 2020, Circular 3/2020 of 15 January from the CNMC was published, which establishes the methodology for the calculation of electricity transmission and distribution charges. This resulted in the elimination of the generation charge from 25 January 2020 which electricity producers had been obliged to pay for feed-in to the transmission and distribution grid (€0.5/MWh) since the 1 January 2011.

**Industry regulations in Peru. Peruvian Electricity Concession Law - Decree-Law No. 25844**

The Peruvian electricity industry is governed by the Electricity Concession Law, pursuant to Decree-Law No. 25844, Supreme Decree No. 009-93-EM and the related amendments and extensions. Under that Law, the electricity industry in Peru is divided into three main segments: generation, transmission and distribution. Since 2000 the Peruvian electricity system has consisted of the National Interconnected Electricity System (SEIN) and other interconnected systems. The Group supplies renewable electricity in the segment included in the SEIN in 2006 under Law No. 28832, which ensures the efficient development of electricity generation.

Under the Electricity Concessions Law, the operation of power generation plants and transmission systems is subject to the regulation of the National Economic Operation Committee (COES-SEIN) whereby they coordinate their operations at a minimum cost, ensuring the secure supply of electricity, as well as the best possible use of energy resources. COES-SEIN regulates the prices for electricity and transmission between power producers and the remuneration for the owners of the transmission systems.

**Regulatory framework in Chile**

The power sales of the subsidiaries in Chile, Pozo Almonte Solar 1, SpA, Calama Solar 1, SpA and Calama Solar 2, SpA are made directly to the national electricity system at a stabilised node price associated with small distributed generation facilities, which is set by the National Energy Commission on a semi-annual basis.

As regards the subsidiary Arica Solar 1, S.A., Group management will seek to sell the power produced by the solar PV plant through a power purchase agreement (PPA) with a free consumer in the electricity system.

The Chilean companies accounted for using the equity method, namely, Calama Solar 3, S.A., Pozo Almonte Solar 2, S.A. and Pozo Almonte Solar 3, S.A., whose functional currency is the US dollar, have agreements for the supply of the power produced by the solar PV plants for the entire period covered by their estimated useful life with selling prices agreed on in US dollars, subject to an indexation formula based on the change in the US CPI. In addition, the agreements provide for mechanisms for defining the charges that must be borne by the parties should cost overruns arise as a result of regulatory requirements established in the future by the competent authorities that are binding on the parties. Therefore, at the reporting date the effect of the regulatory framework in Chile is limited.

**Regulatory framework in India**

The subsidiaries in India, namely, Achampet Solar Private Limited, Ghanpur Solar Private Limited, Gummadidala Solar Private Limited, Thukkapur Solar Private Limited, Padmajiwadi Solar Private Limited and Renjal Solar Private, have supply agreements for the electricity produced by their solar PV plants for the period covered by their estimated useful life with selling prices established in Indian rupees for the entire term of the related agreements. Therefore, at the reporting date the effect of the regulatory framework in India is limited.

## 1.3 Appropriation of profit/loss of the Parent Company

The proposed appropriation of profit/loss prepared by the directors of the Parent Company and which will be submitted for the approval of the General Shareholders Meeting is as follows:

| Euros | 2019 |
|---|---|
| Legal reserve | 1,582,003 |
| Other reserves | 14,238,029 |
| **Profit or loss for the year** | **15,820,032** |

## 2. Basis of presentation of consolidated financial statements and consolidation principles

Following is a description of the main accounting policies adopted in the preparation of these consolidated financial statements and related explanatory notes. Except as indicated in Note 2.1 below, the accounting policies were applied consistently in all the periods presented.

### *2.1 Basis of presentation*

The Group's consolidated financial statements and related explanatory notes as at 31 December 2019 were prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted for use in the European Union (EU-IFRSs), approved by European Commission Regulations and effective at 31 December 2019.

The consolidated financial statements of the Solarpack Group as at 31 December 2014 were the first consolidated financial statements that the Group headed by Solarpack Corporaci6n Tecnológica, S.A. presented in accordance with EU-IFRSs, with the date of transition being 1 January 2013. Up to and including the year ended 31 December 2013 the Group's consolidated financial statements were prepared in accordance with Spanish corporate law in force, contained in the Commercial Code amended by Law 16/2007, of 4 July, on the reform and adaptation of Spanish corporate law on accounting matters for its international harmonisation based on European Union legislation, Royal Decree 1514/2007, of 20 November, approving the Spanish National Chart of Accounts, and Royal Decree 1159/2010, of 17 September, approving the rules for the preparation of consolidated financial statements, in relation to all matters which do not contravene the provisions of the aforementioned corporate law reform. In the year ended 31 December 2014 Group management assessed the differences between these rules and IFRSs, and adjusted, where appropriate, the figures for 2013 for the purpose of presenting comparative information in accordance with IFRSs. In its consolidated financial statements for 2014 the Group disclosed information on the transition from the previous Spanish National Chart of Accounts to IFRSs, thus complying with IFRS 1 in this regard.

The Group's consolidated financial statements and related explanatory notes were prepared on a historical cost basis.

The preparation of the consolidated financial statements and related explanatory notes in accordance with EU-IFRSs makes it necessary to use significant accounting estimates. It also requires that management uses its judgement when applying the Company's accounting policies. The areas requiring the greatest degree of judgement or involving the greatest degree of complexity and the areas in which the assumptions and estimates are significant are disclosed in Note 2.4.

The Group's directors prepared the consolidated financial statements in accordance with the going concern basis of accounting.

### *2.2 Adoption of International Financial Reporting Standards (IFRSs)*

In 2019 the following mandatory standards and interpretations already adopted by the European Union came into force, which, where applicable, were used by the Group in preparing these consolidated financial statements:

**(1) *New standards, amendments and interpretations mandatorily applicable in the period***

| Approved for use in the European Union | | Mandatory application in annual reporting periods beginning on or after: |
|---|---|---|
| IFRS 16 Leases (published in January 2016) | New lease recognition standard (replaces IAS 17 and related interpretations). | 01 January 2019 |
| Amendment to IFRS 9 Early cancellation characteristics with negative compensation (published in October 2017) | It will allow the measurement at amortised cost of some cancellable financial assets in advance for an amount less than the outstanding amount of principal and interest. | 01 January 2019 |
| IFRIC 23 Uncertainty over income tax treatments (published in June 2017) | Clarification on how to apply the recognition and measurement criteria of IAS 12 when there is uncertainty about the acceptability by the tax authority of a certain tax treatment used by the entity. | 01 January 2019 |
| Amendment to IAS 28 *Investments in associates and joint ventures* (published in October 2017) | Clarifies the application of IFRS 9 to investments in an associate or joint venture if the equity method is not applied. | 01 January 2019 |
| Improvements to IFRS 2015-2017 Cycle (published in December 2017) | Amendments to a series of standards. | 01 January 2019 |
| Amendment to IAC 19, Plan Amendment, Curtailment or Settlement (published in February 2018) | Clarifies how to calculate the cost of the service for the current period and net interest for the rest of an annual period when there is an amendment, curtailment or settlement of a defined benefit plan. | 01 January 2019 |

**IFRS 16**

IFRS 16 became effective on 1 January 2019, replacing IAS 17 and related interpretations. The principal novelty with IFRS 16 is that a single accounting model is established for lessees, which includes all leases in the consolidated balance sheet, with an impact similar to current financial leases (includes amortisation of the asset for the usage right and a financial expense for the amortised cost of the liability). IAS 17 did not require the recognition of any asset or liability for the usage right for future payments for these leases; instead, this information was revealed as operating lease commitments.

The impact of this new standard is already recorded at 31 December 2019, with the following aspects having been contemplated during its implementation:

- The Group has identified all contracts which at the end of the current year were not classified as "low value" (taking as reference the value given by IFRS, 5,000 dollars), focusing the analysis on those from which the right can be derived to control an asset. Following the cost/benefit criteria allowed by IFRS, or the simplified approach for practical purposes, low value or short term leases (with a duration equal to or less than 12 months from the start date) are recorded applying the accounting criteria applied to date, as an expense and in on a straight-line basis throughout the lease period, with their amount at 31 December 2019 being 892 thousand euros.

- It has been analysed that the contracts identified comply with the requirements established by the standard so that they can be recognised as leases, i.e.:

    - That there is an identified asset (either individualised or a "distinctive portion" thereof) on which, and according to the clauses of the contract, the right to direct the use thereof exists.

    - That resulting from the use of this asset, the right exists to obtain substantially all the economic benefits derived from the use of the asset and during the lease period.

- Leases related to this new standard refer mainly to land in Spain and Peru where the plants of different components of the Group are located.

    - For the initial recognition of the liability both fixed payments (deducted from the lessor's incentives) and variable payments that depend on an index (the CPI principally) were considered, with optional payments or other disbursements to be made at the end of the contract not being identified for this calculation. The sum of these is discounted considering the incremental interest rate of the Group's loans, as provided by the standard, given the difficulty in determining the implicit interest rate of the leases. As for the type of discount, a rate between 2% and 5% was used depending on the financing associated with the asset.

    - For the purpose of recognising this new accounting standard, the Group recorded the impact by applying the modified retrospective method, avoiding the total retrospective calculation of these balances and modification of comparative information, if applicable, in 2018. At 1 January 2019, the right-of-use asset, equivalent to the lease liabilities, was about 3,951 thousand euros. At 31 December 2019, the net book value of this right-of-use asset was 12,348 thousand euros, with maturities from 2036 to 2049 and is recorded in the non-current asset of the attached consolidated balance sheet. This increase was due to the formalisation of new leases during the year on plants under construction. The liability recorded at 31 December 2019, was 11,999 thousand euros (Note 23.2).

**(2) *New standards, amendments and interpretations that will be mandatorily applicable in annual reporting periods subsequent to the calendar year that began on 1 January 2020***

On the date of preparation of these consolidated financial statements, the following standards and interpretations had been published by the IASB but had not yet come into force, either because their effective date is subsequent to the date of the consolidated financial statements, or because they had not yet been adopted by the European Union:

| **Approved for use in the European Union** | | **Mandatory application in annual reporting periods beginning on or after:** |
|---|---|---|
| Amendments to IAS 1 and IAS 8 Definition of "material" | Amendments to IAS 1 and IAS 8 to align the definition with that contained in the conceptual framework. | 01 January 2020 |
| Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform | Amendments to IFRS 9, IAS 39 and IFRS 7 related to the ongoing reform of benchmarks. | 01 January 2020 |

| Not approved for use in the European Union | | Mandatory application in annual reporting periods beginning on or after: |
|---|---|---|
| Amendments to IFRS 3 Definition of a business | Clarifications to the business definition. | 01 January 2020 |
| IFRS 17 Insurance contracts (published in May 2017) | It includes the principles of recognition, measurement, presentation and breakdown of the insurance contracts. It will replace IFRS 4. | 01 January 2021 (*) |

(*) The IASB has proposed its postponement until 1 January 2022.

For the standards that come into effect from 2020 and subsequent years, the Group has carried out an evaluation of the impacts that the future application of these standards could have on the consolidated financial statements once they enter into force, considering at the current date that the impacts of the application of these standards will not be significant. In relation to the amendments to IFRS 9, IAS 39 and IFRS 7 related to the reform of benchmarks, the Group has adopted this modification in advance by breaking down the exposure to the benchmarks in Notes 8 and 15.

### *2.3 Foreign currency transaction*

#### Functional and presentation currency

The items included in the consolidated financial statements and related explanatory notes of each Group company are measured using the currency of the primary economic environment in which the company operates (its "functional currency"). The functional currency of the Group companies is the currency of the country in which they are located, except for the companies located in Chile and Peru, whose functional currency is the US dollar. However, the functional currency of the Chilean company Solarpack Chile, S.A. is the Chilean peso. In addition, Pampul Holdco, S.L. and PMGD Holdco, S.L., with registered office in Spain, have adopted the US dollar as their functional currency.

The Group's consolidated financial statements and related explanatory notes are presented in euros, except when otherwise stipulated by said explanatory notes, since the euro is the functional and presentation currency of the Parent Company.

#### Foreign currency transactions and balances

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the date of the transactions or the valuations, in the case of line items that have been revalued. Exchange-rate differences arising at the date of settlement of these transactions and the conversion to the closing exchange rates of monetary assets and liabilities denominated in foreign currency are charged or credited, as appropriate, to income, except if they differ in other comprehensive income such as in the case of qualified cash flow hedges and qualified net investment hedges.

Exchange-rate differences are presented in the consolidated income statement in the "Exchange-rate differences (net)" line.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial instruments at fair value with changes in other comprehensive income are analysed considering the translation differences resulting from changes in the amortised cost of the instrument and other changes in its carrying amount. Translation differences related to variations in amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are recognised in the income statement as part of the gain or loss of fair value. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in the other comprehensive income.

**Group Companies**

The results and financial position of all the Group companies (none of which operates with the currency of a hyperinflationary economy) with a functional currency other than the presentation currency are translated to the presentation currency as follows:

a) Assets and liabilities relating to monetary items in each balance sheet presented are translated at the closing exchange rate on the balance sheet date; non-monetary items in foreign currency, which are measured in terms of historical cost, are translated using the exchange rate at the transaction date.

b) The income and expenses in each statement of profit or loss are translated at the average exchange rates (unless this average does not reasonably approximate the cumulative effect of the rates in effect at the transaction dates, in which case the income and expenses are translated at the rates prevailing at the transaction dates); and

c) All the resulting exchange differences are recognised under translation differences.

Goodwill and fair value adjustments arising on the acquisition of a foreign company are treated as assets and liabilities of the foreign company and are translated at the closing rate. The exchange differences that arise are recognised in other comprehensive income.

### *2.4 Responsibility for the information and use of significant estimates*

The information in these consolidated financial statements is the responsibility of the Board of Directors of Solarpack Corporación Tecnológica, S.A.

The most significant judgements and estimates that must be taken into account when applying the accounting policies described in Note 3 relate to:

- Underlying assumptions to assess the recoverability of deferred tax assets (Notes 3.9 and 18).

- Estimate of the useful lives of property, plant and equipment (Note 3.2 and 6) and intangible assets (Note 3.1 and 6).

- Estimates relating to the calculation of provisions for plant decommissioning and warranties (see Note 13).

- Compliance with covenants in relation to certain financing received (see Note 14).

- Underlying assumptions to assess the recoverability of property, plant and equipment (solar PV plants) (Notes 3.3 and 6).

- The net realisable value of the inventories (see Note 10).

- The recognition of revenue by reference to the stage of completion of the projects (Note 3.10).

Although these estimates were made on the basis of the best information available on the events analysed, future events might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated income statement. Due to the uncertainty involved in any estimate based on future expectations in the current economic environment, differences might arise between projected and actual results. The importance of these estimates should be taken into account in any interpretation of the accompanying consolidated financial statements and, more specifically, in relation to the recoverability of property, plant and equipment and recognised tax assets.

### *2.5 Comparison of information*

The information relating to 2018 contained in these consolidated financial statements is presented solely for comparison purposes with the information relating to the annual period ended 31 December 2019.

Additionally, as indicated in Note 2.8, during the year the Group took control of certain companies, which have been incorporated into the Group's scope. This event has to be taken into account when comparing the balance at 31 December 2019 with that of 2018.

### *2.6 Seasonality of the Group's transactions*

In view of the business activity in which the Group companies engage, their transactions are not significantly cyclical or seasonal in nature. However, although the power sale business can be considered to be somewhat seasonal, the geographical diversity of the businesses mitigates this effect. Therefore, no specific breakdowns in this connection are included in these explanatory notes for the annual period ended 31 December 2019.

### *2.7 Basis of consolidation*

**Subsidiaries**

Subsidiaries are the entities (including structured entities) that the Group controls. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date that control ceases to exist.

The Group applies the acquisition method to account for business combinations. The consideration transferred in the acquisition of a subsidiary relates to the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are initially recognised at their acquisition-date fair value. For each business combination, the Group may opt to recognise any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The costs relating to the acquisition are recognised as expenses in the period in which they are incurred.

In a business combination achieved in stages, the acquisition-date carrying amount of the equity interest in the acquiree held by the acquirer before the acquisition date is remeasured at its acquisition-date fair value; any revaluation gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is measured at its acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as equity do not give rise to any revaluation and subsequent settlements are recorded in equity. All other contingent considerations, regardless of whether or not they are within the scope of IFRS 9, are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total amount of the consideration transferred, the non-controlling interest recognised and the previously held equity interest is lower than the fair value of the net assets of the subsidiary acquired in the case of an acquisition under highly favourable terms, the difference is recognised directly in profit or loss.

Intra-Group transactions, balances and unrealised gains arising from transactions between Group companies are eliminated. Unrealised losses are also eliminated. Where necessary, the amounts presented by the subsidiaries are adjusted to bring them into line with the Group's accounting policies.

The identifying data of the subsidiaries are disclosed in accompanying Annex I.

The consolidated financial statements and related explanatory notes used for the year ended 31 December 2019 were used in the consolidation process.

**Changes in the ownership interests in the subsidiaries not giving rise to a change in control**

Transactions involving non-controlling interests that do not result in the parent company losing control of the subsidiary are equity transactions (i.e., transactions with owners in their capacity as owners). Any difference between the fair value of the consideration paid and the proportion acquired of the carrying amount of the net assets of the subsidiary is recognised in equity. Gains or losses on disposals of non-controlling interests are also recognised in equity.

**Disposals of subsidiaries**

When the Group loses control, any investment retained in the former subsidiary is remeasured at its fair value when control is lost and the change in the carrying amount is recognised in profit or loss. The fair value is the cost on initial recognition for the purpose of subsequently measuring the investment retained as an investment in an associate, joint venture or financial asset. In addition, any amount previously recognised in other comprehensive income in relation to this entity is recorded as if the Group had sold directly the related assets or liabilities. This could mean that the amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**Joint arrangements**

The Group applies IFRS 11 to all joint arrangements. Investments in joint arrangements under IFRS 11 are classified as joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Group assessed its joint arrangements as being joint ventures. Joint ventures are recorded using the equity method.

Under this method, interests in joint ventures are initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of profits or losses and changes in other comprehensive income. If the Group's share of losses of a joint venture equals or exceeds its interest in the joint venture (including any long-term interest which, in substance, forms part of the Group's net investment in the joint venture), the Group will discontinue recognising its share of further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains in transactions between the Group and its joint ventures are eliminated against the Group’s investment in the joint ventures. Unrealised losses are also eliminated, unless the transaction evidences an impairment loss on the asset transferred. Where necessary, the accounting policies of the joint ventures were modified to bring them into line with the Group's accounting policies.

Detailed information on these joint ventures is provided in Notes 7 and 25.

**Associates**

Associates are all entities over which the Group exercises significant influence but over which it does not have control, which generally arises as a result of ownership of between 20% and 50% of the voting rights. Investments in associates are recorded using the equity method. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or reduced to recognise the investor's share of the profit or loss of the investee after the acquisition date. The Group's investments in associates include any goodwill identified on acquisition.

If an ownership interest in an associate is reduced, but significant influence continues to exist, only the proportion of the gain or loss that had previously been recognised in other comprehensive income is reclassified to profit or loss when appropriate.

The Group's share of the post-acquisition profits or losses of its associates is recognised in profit or loss, and its share of the post-acquisition changes in other comprehensive income is recognised in other comprehensive income, and the carrying amount of the investment is adjusted. When the Group’s share of the losses of an associate is equal to or exceeds its ownership interest therein, including any other unsecured accounts receivable, the Group does not recognise any additional losses unless it has incurred legal or constructive obligations or has made payments on behalf of the associate.

At each reporting date, the Group determines whether there is any objective evidence that its net investment in the associate is impaired. If this is the case, the Group calculates the amount of the impairment loss as the difference between the recoverable amount of the investment in the associate and its carrying amount and recognises “the share in the profit or loss of the associate” in profit or loss.

Gains and losses arising from upstream and downstream transactions between the Group and its associates are recognised in the Group's consolidated financial statements only to the extent that they arise from the interests of other investors in associates not related to the investor. Unrealised losses are eliminated, unless the transaction evidences an impairment loss on the asset transferred. Where necessary, the accounting policies of the associates were modified to bring them into line with the Group's accounting policies.

Dilutive gains and losses arising on investments in associates are recognised in profit or loss.

### *2.8 Group structure and changes in the scope of consolidation*

**Group structure**

The list of all the subsidiaries, associates and joint agreements as of 31 December 2019 and the information related to them, as well as the method by which they have been integrated into the scope of consolidation, is detailed in Annex I to these consolidated financial statements and explanatory notes for the year ended 31 December 2019.

**Changes in the scope of consolidation**

**2019**

On 17 January 2019, 14 March 2019 and 26 June 2019, capital injections of 91,200, 352,900, and 32,000 thousand Indian rupees, respectively, were made, equivalent overall to approximately 6,009 thousand euros, into the subsidiary Ekialde Solar Private Limited.

On 25 January 2019, 10 February 2019 and 27 March 2019, capital injections of 4,500, 8,800, and 114,000 thousand Indian rupees, respectively, were made, equivalent overall to approximately 1,589 thousand euros, into the subsidiary Nanj Solar Private Limited.

On 1 February 2019, the subsidiaries Granja Solar Holdco, SpA, SPK Ansar SLU, Buitre Solar SLU, SPK Falcon SLU, SPK Milano SLU, SPK Condor SLU, SPK Aguila SLU, SPK Albatros SLU and SPK Flamingo SLU were incorporated, with the Parent Company subscribing 100% of the share capital, and incorporating the companies into the scope of consolidation on said date.

On 10 February 2019 and 27 March 2019, capital injections of 13,000, and 115,000 thousand Indian rupees, respectively, were made, equivalent overall to approximately 1,598 thousand euros, into the subsidiary Ekialde Sun Energy Private Limited.

On 10 February 2019 and 27 March 2019, capital injections of 15,000 and 121,000 thousand Indian rupees, respectively, were made, equivalent overall to approximately 1,700 thousand euros, into the subsidiary Alpur Solar Private Limited.

On 22 February 2019, a capital increase in Solarpack Chile SLA was agreed for the amount of 23,347 thousand US dollars, of which capital injections were made for the amount of 14,000 thousand US dollars, equivalent to approximately 12,475 thousand euros.

On 22 February 2019, a capital increase in Maria Elena Solar S.A. was agreed for the amount of 6,000 thousand US dollars, of which capital injections were made for the amount of 5,837 thousand US dollars, equivalent to approximately 5,138 thousand euros.

On 15 March 2019, the subsidiary Pantac Holdco, S.L.U was incorporated, with the Parent Company subscribing 100% of the share capital, and incorporating it into the scope of consolidation on that date.

On 5 April 2019, the subsidiary Solarpack Proyectos Extranjeros, S.L.U was incorporated, with the Parent Company subscribing 100% of the share capital, and incorporating it into the scope of consolidation on that date.

On 10 July 2019, a capital increase was agreed in Pedroso Solar, S.L.U. for the amount of 1,755,000 euros through monetary contributions, of which 27,000 euros were allocated to share capital and 1,728,000 euros to the issue premium.

On 10 July 2019, a capital increase was agreed in Pedroso Solar, S.L.U. for the amount of 1,710,000 euros through monetary contributions, of which 27,000 euros were allocated to share capital and 1,683,000 euros to the issue premium.

On 10 July 2019, a capital increase was agreed in Solarpack Monclova, S.L.U. for the amount of 2,560,000 euros through monetary contributions, of which 27,000 euros were allocated to share capital and 2,533,000 euros to the issue premium.

On 12 August 2019, the company Abra Solar, S.p.A. was incorporated. The share capital of the company is one hundred dollars, divided into 100 ordinary shares, fully paid up and subscribed by Solarpack Corporación Tecnología, S.A.

On 12 August 2019, the company Aiboa Solar, S.p.A. was incorporated. The share capital of the company is one hundred dollars, divided into 100 ordinary shares, fully paid up and subscribed by Solarpack Corporación Tecnología, S.A.

On 12 August 2019, the company Ayala Solar, S.p.A. was incorporated. The share capital of the company is one hundred dollars, divided into 100 ordinary shares, fully paid up and subscribed by Solarpack Corporación Tecnología, S.A.

On 12 August 2019, the company Yumbrel Solar, S.p.A. was incorporated. The share capital of the company is one hundred dollars, divided into 100 ordinary shares, fully paid up and subscribed by Solarpack Corporación Tecnología, S.A.

On 28 August 2019, it was agreed to approve the direct contribution to the equity of Pantac Holdco SLU, for an amount of 552,465.20 dollars (its equivalent value in euros being 497,550.16 euros), by the sole partner of the company in proportion to its ownership interest in the company.

On 3 September 2019, a capital increase in Solarpack Asía S.D.N B.H.D was agreed for the amount of RM 540,000 by issuing 540,000 new shares of 1 RM fully paid up.

On 3 September 2019, it was agreed to approve the direct contribution to the equity of Pantac Holdco SLU, for an amount of 21,017,534.80 dollars (its equivalent value in euros being 19,162,527.18 euros), by the sole partner of the company in proportion to its ownership interest in the company.

On 30 September 2019, it was agreed to approve the direct contribution to the equity of Pantac Holdco SLU, for an amount of 100,000 dollars (its equivalent value in euros being 91,424.39 euros), by the sole partner of the company in proportion to its ownership interest in the company.

On 1 October 2019, a capital increase in Solarpack Colombia SAS was agreed for the amount of 226,441 thousand Colombian pesos.

On 4 October 2019, the company Joya Solar S.A.C. was incorporated. The share capital of the company is 3,000 soles, represented by 3,000 shares with a nominal value of one sol each, fully subscribed and fully paid.

On 8 November 2019, 99 shares of Tricahue Solar SpA were transferred, with the seller being Solarpack Chile limited and the buyer CVE Chile FIN1 SpA, at a total price of USD 792.

On 29 November 2019, the purchase of Solarpack Alvarado S.L.U was filed on public record, with Solarpack Corporación Tecnológica, S.A. as the seller and Bruc Subco I S.L the buyer, agreeing a price of 1,923,052 euros.

On 29 November 2019, the purchase of Sol de Alvarado S.L.U was filed on public record, with Solarpack Corporación Tecnológica, S.A. as the seller and Bruc Subco I S.L the buyer, agreeing a price of 1,919,577 euros.

On 28 November 2019, the company Solar Pack Unipessoal LDA was established. The share capital of the company is 5,000 Euros, not paid to date.

**Acquisition of Companies in Peru**

In May 2019, the Group entered into sales agreements with third parties for the acquisition of shares that allow for a 100% ownership interest in the associated companies "Tacna Solar, S.A.C. and Panamericana Solar, S.A.C.," (hereinafter "Tacna and Panamericana"), owner of a 22.24 MW and 21.17 MW solar plant, located in Peru, increasing the Group's interest from 9.5% to 100%

in each of these companies. The effective date of that transaction was in September, once the conditions to which said transaction had been subject had been met.

The incorporated assets and liabilities of the companies acquired on the takeover dates are as follows (thousands of euros):

| | Thousands of euros | |
|---|---|---|
| | Tacna | Panamericana |
| Non-current assets | 62,961 | 64,661 |
| Current assets (excluding cash) | 1,452 | 1,995 |
| Cash on hand | 10,373 | 10,118 |
| Non-current liabilities | (57,195) | (57,186) |
| Current liabilities | (5,984) | (6,151) |
| **Total net assets and liabilities** | **11,607** | **13,437** |
| **Other identifiable assets (before taxes)** | **17,217** | **18,222** |
| **Total Net Assets Acquired** | **28,824** | **31,659** |
| **Consideration** | **22,223** | **24,305** |
| **Fair value of the previous ownership interest** | **2,994** | **3,128** |
| **Goodwill / (Negative Consolidation Difference)** | **(3,607)** | **(4,227)** |

The directors have identified an unrecognised asset in the balance sheets of the companies subject to the transaction, for the amount of 50,268 thousand euros, having recorded it under the heading "Intangible Assets - Patents, licences, trademarks and similar" in the consolidated balance sheet at 31 December 2019, together with the corresponding deferred tax liability associated with it for the amount of 14,829 thousand euros.

Said asset corresponds to the right to receive during the remaining regulatory life of said plants the regulated income as a consequence of the remuneration system of the electricity sector to which the plants subject to the transaction are covered by during their regulatory life, as well as the income associated with the additional amount produced at free price above the maximum amount established by the regulations, until the end of the useful life of the plant. The useful life of this asset is 13 years, which is equivalent to the remaining life of the power purchase agreement that said companies have.

Up to the date of the business combination, the Group had a 9.5% ownership interest in Tacna and Panamericana, maintaining them under the heading "Financial assets recorded at fair value with changes in other comprehensive income" for a joint amount of 4,720 thousand euros. During 2019, the Group updated the value of these shares to their fair value, recording a credit to "Adjustments to fair value" for the amount of 1,402 thousand euros; therefore, the value of the shares was 6,122 thousand euros. As a result of the acquisition of these companies, the amount of the revaluation, which amounted to 4,208 thousand euros, was reclassified to reserves.

The valuation of the acquired net assets was carried out by an independent expert in order to express an independent opinion on the fair value of certain intangible assets identified in accordance with criteria established by the international accounting standards IAS 38 and IFRS 3. To check the reasonableness of the negative consolidation difference that emerged in the purchase transaction, the nature of the items that make up the balance sheet of the acquired Group was analysed, in order to assess whether there are elements whose fair value is susceptible to making additional adjustments to those already made prior to the integration of the company in the scope. In this respect, when determining the fair value of the identified assets, the Group considered what is indicated in IFRS 13 regarding the "Highest and best use of assets". In accordance with this approach, the Group considered the following with respect to these companies:

- Ability to generate additional income by repowering the two plants
- That the income obtained is sold at a regulated price up to an amount and at a short-term market price above said amount
- Reduction of operating costs due to the new operation and maintenance contract that they have signed
- Costs incurred in the cancellation of the previous operation and maintenance contract

Consequently, and due to the difference between the total net assets and liabilities acquired in the transaction, including the net assets identified as a result of the business combination, and the total consideration (including in the case of Tacna and Panamericana the valuation of the previous ownership interest for 6,122 thousand euros), a negative consolidation difference of 7,834 thousand euros was generated, which has been recorded under the heading "Other gains/losses" in the income statement.

In order to finance this purchase transaction, the Group obtained a loan for the amount of 30 million dollars, equivalent to 26.7 million euros, recorded under the heading "Current liabilities - Loans and borrowings" of the consolidated balance sheet at 31 December 2019. During 2019, the Group disbursed the entire purchase price of these companies for the amount of 46,528 thousand euros.

Following the purchase agreement of these companies, the Group reached an agreement for the sale to a renewable assets investment fund managed by Ardian, so that said fund would acquire an interest equivalent to 49% of their capital. This transaction was conditional upon the completion of an industrial plan for repowering and ordering the operation and maintenance activities of the projects developed by the acquired companies. At that time, the fund will disburse the purchase price, which will allow the Group to repay the aforementioned loan. On the date of preparation of these financial statements, the aforementioned industrial plan was in the process of being finalised.

The amount of ordinary income recognised in the consolidated financial statements at 31 December 2019, from the date of the takeover of these companies, corresponding to the acquired Group, was 8,021 thousand euros, with the pre-tax profit being 1,421 thousand euros. If these companies had been consolidated since 1 January 2019, the net amount of the turnover and the pre-tax profit would have increased by approximately 13,474 and 3,478 thousand euros, respectively.

**Other acquisitions (Spain and Chile)**

During 2019, the Group reached sales agreements with third parties and related parties for the acquisition of shares equivalent to 100% of 2 companies that own two 100 kW solar PV plants, located in Lebrija and Llerena (hereinafter, "SIS España").

Additionally, during the year, the Group reached a sales agreement with third parties for the acquisition of shares equivalent to 100% of a company holding land use rights and an environmental assessment resolution for the construction of a solar PV plant in Chile, Tamarugal Solar, Spa. (hereinafter "Tamarugal").

The incorporated assets and liabilities of the companies acquired on the takeover dates are as follows (thousands of euros):

| | Thousands of euros | |
|---|---|---|
| | SIS España | Tamarugal |
| Non-current assets | 874 | 31 |
| Current assets (excluding cash) | 296 | 9 |
| Cash on hand | - | 1 |
| Non-current liabilities | (714) | (33) |
| Current liabilities | (323) | - |
| **Total net assets and liabilities** | **133** | **8** |
| **Other identifiable assets (before taxes)** | **202** | **715** |
| **Consideration** | **399** | **987** |
| **Goodwill / (Negative Consolidation Difference)** | **64** | **264** |

The directors have identified an unrecognised asset in the balance sheets of the companies subject to the transaction, for the amount of 1,245 thousand euros, having recorded it under the heading "Intangible Assets - Patents, licences, trademarks and similar" in the consolidated balance sheet at 31 December 2019, together with the corresponding deferred tax liability associated with it for the amount of 328 thousand euros.

This asset corresponds in the case of SIS España to the right to receive during the remaining regulatory life of said plants the regulated income as a consequence of the remuneration system of the electricity sector to which the plants subject to the transaction are covered. The useful life of this asset is 18 years, which is equivalent to its remaining regulatory life.

If these companies had been consolidated after 1 January 2019, the impact on the result and net revenues would not have been significant.

**2018**

On 7 February 2018, the subsidiaries Suvan Solar, SpA, Apolo Solar, SpA, Astro Solar, SpA and Cuenca Solar, SpA were incorporated, with the Parent Company subscribing 100% of the share capital, and incorporating them into the scope of consolidation on that date.

On 23 February 2018, the subsidiaries Yala Solar Private Limited, Alpur Solar Private Limited, Nanj Solar Private Limited, Ekialde Sun Solar Private Limited and Holen Solar Private limited were incorporated, with the subsidiary Ekialde Solar Private Limited subscribing 99.99% of its share capital, and incorporating said subsidiaries into the scope of consolidation on said date.

On 18 May 2018, the subsidiary Solarpack Proyectos Extranjeros, S.L.U was incorporated, with the Parent Company subscribing 100% of the share capital, and incorporating the subsidiary into the scope of consolidation on that date.

Likewise, on 1 January 2018, four foreign companies (Diego Almagro Solar 2, S.A., Diego Almagro Solar 3, S.A., Taltal Solar, S.A. and Tamarugal Solar 1, S.A.) incorporated in previous years were incorporated into the scope of consolidation, with the subsidiary Solarpack Chile, Ltda. having subscribed 98% of its share capital and which were not incorporated into the scope of consolidation in previous years as the effect of the consolidation was not significant.

Furthermore, as of 1 January 2018, the Group recorded by the equity method the investment held in the companies Ecuador Solar Holdco, S.L., Gestión Solar Perú, S.A.C., and Solargés Perú, S.L., (Note 7). Likewise, Solarpack, SARL Energía Regional, S.A. de CV, Tricahue Solar, SpA., and Los Libertadores Solar, SpA. were fully consolidated. All of them, until then, were excluded from the consolidation because their impact was very insignificant, being incorporated to provide greater transparency, as well as to provide a more detailed view of the Group, based on the criteria of the directors. The consolidation in the Group's consolidated financial statements was carried out as if they had been recorded from the start, having recorded the impact corresponding to previous years with payment to reserves.

On 06 January 2018 and 20 April 2018, capital injections of 15,000 and 17,500 thousand Indian rupees, respectively, were made, equivalent overall to approximately 410 thousand euros, into the subsidiary Ekialde Solar Private Limited.

On 23 February 2018, the Parent Company made capital injections amounting to 50 thousand dollars, equivalent to approximately 41 thousand euros, into the subsidiary Solarpack Development Inc.

On 9 July 2018, the subsidiaries Granja Solar Holdco S.P.A. and Valle Solar S.P.A. were incorporated, with the Parent Company subscribing 100% of the share capital, and incorporating them into the scope of consolidation on that date.

During July 2018, capital injections of 100 thousand rupees were made into each of the companies Alpur Solar Private Limited, Ekialde Sun Energy Private Limited, Holen Solar Private Limited, Nanj Solar Private Limited and Yala Solar Private Limited equivalent to 1 thousand euros for each of them. Likewise, in the same month, a capital injection was made into the company Solarpack India, Llp for the amount of 13,500 thousand rupees equivalent to 170 thousand euros.

During August 2018, capital injections of 2,500 thousand rupees were made into each of the companies Alpur Solar Private Limited, Ekialde Sun Energy Private Limited, Holen Solar Private Limited, Nanj Solar Private Limited and Yala Solar Private Limited equivalent to 31 thousand euros for each of them.

During September 2018, capital injections of 30,000, 30,000, 35,000 and 25,000 thousand rupees were made into each of the companies Alpur Solar Private Limited, Ekialde Sun Energy Private Limited, Holen Solar Private Limited, Nanj Solar Private Limited and Yala Solar Private Limited equivalent to 368, 368, 492 and 307 thousand euros for each of them. In addition, an injection of 143,140 thousand rupees was made into Ekialde Solar Private Limited equivalent to 1,700 thousand euros.

During October 2018, capital injections of 4,400, 6,500, and 3,800 thousand rupees were made into each of the companies Alpur Solar Private Limited, Ekialde Sun Energy Private Limited, Holen Solar Private Limited, Nanj Solar Private Limited and Yala Solar Private Limited equivalent to 55, 82 and 48 thousand euros for each of them.

During December 2018, capital injections of 10,000 and 13,507 thousand rupees were made into each of the companies Nanj Solar Private Limited and Solarpack India, Llp equivalent to 123 and 168 thousand euros for each of them.

All the additions explained did not have a significant effect on the consolidated figures for the year ended 31 December 2018.

*Acquisition of Companies owning solar PV plants in Isla Mayor, Lebrija, Llerena and Guijo*

During July and August, the Group reached sales agreements with third parties and related parties for the acquisition of shares equivalent to 100% of 88 companies that own eighty-eight 100 kWac solar plants, located in Isal Mayor, Lebrija and Llerena (hereinafter, “SIS España”).

Likewise, and on the same dates as in the case of the previous companies, the Group reached sales agreements with third parties and related parties for the acquisition of shares to obtain a total ownership interest of 96.5% in the associated company "Solarpack Promo2007 Cientoveintuno, S.L." (hereinafter "Guijo"), owner of a 6,135 MW solar plant, located in Guijo de Coria, taking the Group's share from 49.75% to 96.5%.

These sales depended, among others, on obtaining financing from the Group, an event which occurred through the capital increase and the listing of the shares on 5 December 2018 (Notes 1 and 12).

Once the conditions established in the sales were fulfilled, all of them were formalised between 13 and 20 December 2018, the date from which it was considered that the takeover would occur for accounting purposes.

The purchase price of these shares totalled 25,834 thousand euros. This price includes a contingent consideration that the sellers of said shares may receive in 2020 in the event that, in accordance with Spanish Electricity System Law 24/2013, the new reasonable return of these plants for 2020-2025 is above 5.184%. This amount to be received is progressive based on an increase in the final reasonable return. The maximum amount of said contingent consideration, which would be achieved if the maximum reasonable return is equal to or greater than 7.398%, would amount to 4,470 thousand euros. The Group's directors considered, based on the existing information, that the maximum return will be equal to or greater than 7.398%. This contingent consideration was finally paid in 2020 by the Company to the sellers of the companies.

The incorporated assets and liabilities of the companies acquired on the takeover dates were as follows (thousands of euros):

| | Euros | |
|---|---|---|
| | Guijo | SIS España |
| Non-current assets | 23,187 | 45,043 |
| Current assets (excluding cash) | 448 | 5,689 |
| Cash on hand | 1,676 | 3 |
| Non-current liabilities | (19,601) | (35,747) |
| Current liabilities | (1,521) | (3,714) |
| **Total net assets and liabilities** | **4,189** | **11,274** |
| **Other identifiable assets (before taxes)** | **3,337** | **7,960** |
| **Revaluation of previous ownership interest** | **(4,341)** | **-** |
| **Minority interests** | **(147)** | **-** |
| **Consideration** | **3,369** | **18,001** |
| **Contingent consideration** | **723** | **3,747** |
| **Goodwill** | **1,054** | **2,514** |

The directors identified an unrecognised asset in the balance sheets of the companies subject to the transaction, for the amount of 14,864 thousand euros, having recorded it under the heading "Intangible Assets - Patents, licences, trademarks and similar" in the consolidated balance sheet at 31 December 2018, together with the corresponding deferred tax liability associated with it for the amount of 3,568 thousand euros.

This asset corresponded to the right to receive during the remaining regulatory life of said plants the regulated income as a consequence of the remuneration system of the electricity sector to which the plants subject to the transaction were covered. The useful life of this asset is between 19 and 23 years which is equivalent to its remaining regulatory life.

Regarding the ownership interest in Guijo, until the date of the business combination, it had been integrated into the Group's consolidated financial statements in accordance with the equity method, and therefore, in accordance with current accounting regulations, the ownership interest previously held in the equity of said company was measured again at its fair value on the acquisition date, recognising the resulting gain in the consolidated income statement at 31 December 2018 for the amount of 4,341 thousand euros. The value for which said ownership interest was recorded in the consolidated financial statements was zero euros.

Consequently, and due to the difference between the total net assets and liabilities acquired in the transaction, including the net assets identified as a result of the business combination, and the total consideration (including in the case of Guijo the revaluation of the previous ownership interest for 4,341 thousand euros and the minority interest for 147 thousand euros), a goodwill of 3,567 thousand euros was generated. The directors considered that the recovery of goodwill arising from the aforementioned transactions is associated with the regulated income obtained from the remuneration system of the electricity sector which the plants subject to the transaction are covered by and, therefore, given that said plants have a finite useful life, there will be an impairment of goodwill as the aforementioned income is obtained.

If the integration of these companies had been carried out on 1 January 2018, the impact of the positive result contributed by them would have been 2,671 thousand euros. The profit contributed from the date of acquisition to the end of the year was not significant.

## 3. Accounting principles and policies and evaluation criteria

### *3.1 Intangible assets*

**Trademarks and licenses**

Trademarks and licenses acquired from third parties are shown at historical cost. They have a finite useful life and are showed at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis to allocate the cost of the trademarks and licences over their useful life of between three and five years. Additionally, in the case of Spanish companies, the group records under this heading the right to receive the tariff during the regulatory life of solar photovoltaic plants that were incorporated into business combinations in 2019 and 2018 (Note 2.8) or in the case of Peruvian companies, the right to receive income until the end of its useful life. Said intangible is subject to amortisation based on the income obtained by said solar photovoltaic plants throughout their regulatory useful life. This average regulatory useful life is between 13 and 18 years.

**Computer software**

Licenses for computer programs acquired are capitalised based on the costs incurred to acquire them and to prepare each specific program for use.

The costs associated with developing or maintaining computer software programs are recognised as an expense when incurred. Costs directly related to the production of uniquely identifiable computer programs controlled by the Group, and which are likely to generate future economic benefit greater than their costs for a period of more than one year, are recognised as intangible assets. Direct costs include the costs of the personnel who develop the software and an appropriate proportion of overheads.

Software, either acquired from third parties or self-developed, recognised as assets, is amortised from the start of its operation over its estimated service life, which will not exceed five years.

The amortisation expense of intangibles related to “Computer applications” in the year ended 31 December 2019 was 39 thousand euros (5 thousand euros at 31 December 2018).

**Concessions**

The Group records under this heading the right to use various plots of land located in Chile. The amortisation of said concessions is carried out on a straight-line basis over their duration (30 years).

### *3.2 Property, Plant and Equipment*

Items of property, plant and equipment, which are entirely for own use, are recognised at cost less the corresponding accumulated depreciation and impairment losses, except for land that is presented net of impairment losses.

The historical cost includes the expenses directly attributable to the acquisition of the items, as well as any other cost directly related to the commissioning of the asset for the use for which it is intended. Components included as technical facilities, which require their replacement in a period of time other than that of the main asset, are recorded and depreciated separately according to their specific useful life. Subsequent costs are included in the carrying amount of the asset or are recognised as a separate asset, as applicable, only when it is probable that the future economic benefits associated with the items will flow to the Group and the cost of the item can be reliably determined. The carrying amount of the replaced part is derecognised. The rest of the expense for repairs and maintenance is charged to the income statement during the period in which it is incurred.

Likewise, the Group includes as "Fixed assets construction in progress" those expenses incurred in the development and construction of certain plants that are still under construction, in their initial stages of design, development and construction and which will be exploited by the Group, once they are commissioned, based on IAS 16 (Note 6).

The work carried out by the Group for its own property, plant and equipment is reflected in the accumulated cost that results from adding to the external costs the internal costs determined based on the hourly costs of the personnel dedicated to this work, and they are credited to the "Own work capitalised" account of the consolidated income statement.

The Solarpack Group amortises its property, plant and equipment on the straight-line basis to assign the difference between cost and its residual values over the estimated useful lives, which are indicated below:

| Useful lives of property, plant and equipment | Years of estimated useful life |
|---|---|
| Solar PV Plants | 20-30 |
| Plant and other items of property, plant and equipment | 6-10 |
| Computer equipment | 4-10 |

Likewise, the Group is sometimes obliged to face significant costs in relation to the closure of its facilities recorded in property, plant and equipment, as decommissioning or other similar costs, so the consolidated balance sheet includes provisions for this item relating to them (Notes 6 and 13). The estimate of the present value of these costs is recorded as a higher value of the asset credited to "Provisions" at the start of the exploitation of the asset. This estimate is periodically reviewed so that the provision reflects the present value of all estimated future costs. The Group applies a risk-free rate to financially update the provision since the estimated future cash flows to satisfy the obligation reflect the specific risks of the corresponding liability. The risk-free rate used corresponds to the yields, at the end of the reporting year, of government bonds with sufficient depth and solvency and with a similar maturity to the obligation. The variation in the provision caused by its financial update is recorded and charged to "Financial expense" in the consolidated income statement.

The residual value and the useful life of the assets are reviewed, and adjusted if necessary, on the date of each balance sheet.

When the carrying amount of an asset exceeds its estimated recoverable amount, its carrying amount is reduced immediately to its recoverable amount.

Losses and gains on the sale of property, plant and equipment are calculated by comparing the income obtained with the carrying amount and are recognised in the income statement under "Other gains/losses".

### *3.3 Impairment*

At the closing date, the Solarpack Group analyses the value of its non-current assets to determine if there is any evidence that said assets had suffered an impairment loss. If there is any evidence, there will be an estimate of the recoverable amount of the asset to determine the writedown amount if necessary.

The recoverable amount is the higher value between the market value reduced by the cost of its sale and the value-in-use, which is understood as the current value of the estimated future cash flows.

If the recoverable amount is lower than the net book value of the asset, the corresponding impairment loss will be recorded for the difference charged to "Impairment and gains/losses on disposal of fixed assets" of the attached consolidated income statement and credited to "Tangible fixed assets" or "Intangible fixed assets", in each case, of the attached consolidated balance sheet.

Impairment losses recognised in a tangible asset in previous years are reversed when there is a change in the estimate of its recoverable amount, increasing the value of the asset with the carrying amount that the asset would have had if the writedown had not been performed.

### *3.4 Leases*

Leases are classified as finance leases whenever their terms show that all the risks and rewards of ownership of the asset under the agreement are transferred substantially to the lessee. All other leases are classified as operating leases.

**Finance leases**

In finance leases in which the Group acts as the lessee, the cost of the leased assets is presented in the consolidated balance sheet, based on the nature of the leased asset, and, simultaneously, a liability is recognised for the same amount. This amount is the lower of the fair value of the leased asset and the present value at the start of the lease of the agreed minimum payments, including the purchase option, when it is reasonably certain that it will be exercised. Contingent fees, the cost of the services and the taxes to be paid by the lessor are not included in its calculation. The total financial burden is allocated to the income statement for the year in which it is incurred using the effective interest method. Contingent payments are recorded as costs in the financial year in which they are incurred.

Assets recorded by these types of operations are amortised with similar criteria to those applied to tangible assets, depending on their nature.

**Operating leases**

In operating lease transactions, the Group evaluates lease agreements and recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and low value leases (Note 2.2).

Right-of-use assets are initially recognised at cost calculated as lease payments to be made plus initial direct costs and decommissioning/rehabilitation costs to be considered. Subsequently, the right of use is valued at cost less its corresponding accumulated depreciation and any impairment losses incurred, as appropriate.

Amortisation is calculated applying the straight-line basis on the cost of the right-of-use asset. The annual provision for the amortisation of the right of use is made with a balancing entry in the consolidated financial statement based on the years of estimated useful life, as indicated below:

| Useful lives of property, plant and equipment | Years of estimated useful life |
|---|---|
| Solar PV Plants | 20-25 |

Regarding the recognition of lease liabilities, initially it is recorded as the updated value of outstanding lease payments to date. Said payments are discounted using an interest rate implicit in the lease. Subsequently, the financial liability is updated by increasing its book value based on the financial expense recorded against the "Financial expenses" heading of the consolidated financial statements, and reducing the amount based on payments made under leases.

### *3.5 Financial instruments*

**Financial assets**

The financial assets held by the Group are classified on the basis of the nature of the financial asset's contractual cash flows and the entity's business model for managing its financial assets, in the following categories:

a) Financial assets at amortised cost: those assets held in order to collect contractual cash flows, and in which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

   This category also includes "Trade and Other Receivables", which are recognised initially at market value in the balance sheet, and are subsequently measured at amortised cost using the effective interest rate. The relevant corrections are recorded for the difference between the recoverable amount of the accounts receivable and the carrying amount by which they are recorded as indicated in the above paragraph. The Group recognises write-downs for these accounts on the basis of the expected losses (Notes 9).

   Also, the Group derecognises trade receivable balances for the amount of the accounts receivable factored provided that substantially all the default and delinquency risks and rewards inherent to ownership of these accounts receivable (non-recourse factoring) have been transferred. The Group had not used factoring arrangements at 31 December 2019 or at 31 December 2018.

b) Financial assets at fair value through other comprehensive income: those assets held in order to collect contractual cash flows and their sale, and in which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest, impairment and exchange differences are recognised in profit or loss as in the amortised cost model. Other changes in fair value are recognised in equity items and may be reclassified to profit or loss on their sale.

However, provided they are not held for the purpose of trading, equity instruments may be designated to be measured in this category, and the amounts recognised in equity cannot, upon sale of the instrument, subsequently be reclassified to profit or loss, recording only the dividends in profit or loss.

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

In accordance with the 12-month expected loss impairment model, the Group has estimated that financial assets measured at amortised cost are subject to impairment loss based on existing facts and circumstances. The amount provided in this heading is 41 thousand euros (94 thousand euros at 31 December 2018).

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand deposits at banks, other short-term, highly liquid investments with an initial maturity of three months or less, and bank overdrafts. Bank overdrafts are classified as borrowings under current liabilities in the statement of financial position.

**Derivative financial instruments**

The Group uses derivative financial instruments to hedge the risks to which its future activities, transactions and cash flows are exposed. Basically, these risks relate to changes in exchange rates and interest rates.

In order for these financial instruments to qualify for hedge accounting, it is necessary to designate them as such and for the hedging relationship to be documented. It is necessary to verify at inception and periodically over the term of the hedge that the hedging relationship is effective.

The fair values of certain derivative financial instruments used for hedging purposes are disclosed in Note 15. All of the fair value of a hedging instrument is classified as a non-current asset or liability if the remaining hedged item matures within more than 12 months, and as a current asset or liability if the remaining hedged item matures in no more than 12 months. Held-for-trading derivatives are classified as current assets or liabilities, depending on their expiration date.

The Group designates certain derivatives as follows:

a) Fair value hedges

The changes in fair value of the derivatives designated and classified as fair value hedges are recognised in the income statement, together with any changes in the fair value of the hedged asset or liability attributable to the hedged risk. The gain or loss relating to the effective portion of the interest rate swaps that hedge fixed-rate borrowings is recognised in the income statement as "Finance Income - From Marketable Securities and Other Financial Instruments" or "Finance Costs - On Marketable Securities and other Financial Instruments". The gain or loss relating to the ineffective portion is recognised immediately under "Changes in Fair Value of Financial Instruments" in the income statement. The changes in fair value of the hedged fixed-rate borrowings attributable to interest rate risk are recognised under "financial profit or loss" in the income statement.

If the hedge no longer qualifies for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is recycled to profit or loss over that period to its maturity.

b) Cash flow hedges

The effective portion of the changes in the fair value of the cash flow hedges designated as such and which qualify for hedge accounting is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately under "Changes in Fair Value of Financial Instruments" in the income statement.

The cumulative balances of Equity are transferred to the income statement in the periods in which the hedged item affects profit or loss (for example, when the forecast hedged sale occurs). The gain or loss relating to the effective portion of the interest rate swaps that hedge fixed-rate borrowings is recognised in the income statement as "financial profit or loss". The gain or loss relating to the effective portion of long-term foreign currency hedges that hedge export sales is recognised under "Sales" in the income statement. The deferred amounts are ultimately recognised in the cost of sales in the case of inventories, or in the depreciation charge in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when it ceases to qualify for hedge accounting, any cumulative gain or loss in equity up to that moment remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When the forecast transaction is not expected to occur, the cumulative gain or loss presented in equity is transferred immediately to profit or loss.

At 31 December 2019, the Group had derivatives worth 5,679 thousand euros recorded as hedging instruments, having passed the efficacy tests, with an impact on the Group's Net Equity during 2019 of 3,895 thousand euros; at 31 December 2018, the Group did not have derivative financial instruments recorded as hedging instruments.

c) Hedges of net investment in foreign operations

Hedges of net investments in foreign operations are accounted for in a similar manner to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement under the line item corresponding to the underlying hedged instrument.

Cumulative gains or losses recognised in equity are transferred to the income statement on disposal of the foreign operation.

d) Derivatives that do not qualify for hedge accounting

Certain derivatives do not qualify for hedge accounting and are recognised at fair value with changes in profit or loss. The changes in fair value of any derivative that does not qualify for hedge accounting are immediately recognised in profit or loss.

At 31 December 2019, the Group had derivatives worth 3,314 thousand euros recorded as derivatives that do not qualify for hedge accounting, with an impact on the Group's Net Equity during 2019 of 672 thousand euros.

**Trade payables and other payables**

Accounts payable are initially recorded at their market cost and subsequently measured at the amortised cost using the effective interest rate method. The Group derecognises financial liabilities when the obligations that gave rise to them cease to exist.

The Group did not have confirming lines available on 31 December 2019 or 31 December 2018.

**Bank borrowings and other financial liabilities**

Borrowings are initially recognised at fair value less the transaction costs incurred. They are subsequently measured at amortised cost, and any difference between the funds obtained (net of the costs required to obtain them) and the repayment value is recognised in the income statement over the term to maturity of the debt using the effective interest method.

The Group only derecognises financial liabilities when the obligations giving rise to them are cancelled, eliminated or expire.

Borrowings are classified as current liabilities unless the Group has the unconditional right to defer repayment of the debt for at least 12 months from the reporting date, with the exception of financial debt associated with development, construction and exploitation of solar PV plants with selling intentions by the Group, which will be recorded as current liability (Notes 3.17).

Fees paid to obtain credit lines are recognised as debt transaction costs provided it is likely that the line is going to be drawn down in part or in full. In this case, the fees are deferred until the line is drawn down against. Insofar as it is unlikely that all or a portion of the credit line will be drawn down, the fee will be capitalised as an advance for liquidity services and is amortised over the period in which the credit is made available.

### *3.6 Inventories*

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress includes design costs, raw materials, direct labour, other direct costs and manufacturing overheads (based on a normal operating capacity), and interest costs. The net realisable value is the estimated selling price in the normal course of business less the applicable variable selling costs.

The fixed assets (basically facilities and civil engineering) of the solar PV plants of subsidiaries included in the scope of consolidation and earmarked for sale, are classified as inventories, including the external borrowing costs paid until they are ready to enter into operation.

If a solar PV plant has been earmarked for sale for more than one year, and no purchase and sale agreement therefore exists or is expected to be entered into with third parties, and no purchase option or similar agreement is granted, its fixed assets are transferred from "Inventories" to "Property, Plant and Equipment".

### *3.7 Share capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new shares or options are presented in equity as a deduction, net of taxes, of the income obtained.

When any entity of the Group acquires its own shares, the consideration paid, including any directly attributable incremental cost (net of income tax) is deducted from equity attributable to the holders of equity instruments of the Company until its cancellation, new issuance or disposal. When these shares are subsequently reissued, all amounts received, net of any directly attributable transaction incremental costs and the corresponding effects of income tax, are included in equity attributable to the holders of equity instruments of the Company.

### *3.8 Foreign currency transactions*

The Group's functional currency is the euro. Consequently, transactions in currencies other than the euro are deemed to be foreign currency transactions and are recognised by applying the exchange rates prevailing on the transaction dates.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates. Any resulting gains or losses are recognised directly in the income statement in the reporting period in which they arise.

### *3.9 Income tax*

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Group as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year, reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences identified as those items expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, as well as tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that does not affect the taxable profit/loss or the profit/loss and that is not a business combination.

Deferred tax assets, on the other hand, are only recognised to the extent that it is considered probable that the Group will have sufficient taxable profits in the future against which it will be possible to recover them.

Likewise, at the consolidated level, any differences that exist between the consolidated value of an investee and its tax base are also considered. In general, these differences arise from the cumulative gains or losses generated from the date of acquisition of the investee, from tax deductions associated with the investment and from the translation difference, in the case of investees with a functional currency other than the euro. Deferred tax assets and liabilities arising from these differences are recognised unless, in the case of taxable differences, the investor can control the time of reversal of the difference and in the case of deductible differences, if such difference is expected to reverse in the foreseeable future and it is likely that the company will have sufficient future tax earnings.

Deferred tax assets and liabilities, originated by operations with direct charges or credits in equity accounts, are also recorded with a balancing entry in equity.

At each accounting close the deferred tax assets recognised are reviewed and appropriate adjustments are made where there are doubts as to their future recoverability. Likewise, at each accounting close the deferred tax assets that have not been recognised in the balance sheet are assessed and are recognised to the extent that their recovery against future taxable profits has become probable.

Deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally recognised right to offset current tax assets with current tax liabilities and when deferred tax assets and deferred tax liabilities are derived from income tax corresponding to the same tax authority, which falls on the same taxable entity or person, or different taxable entities or persons, which seek to settle current tax assets and liabilities for their net amount.

### *3.10 Revenue recognition*

The revenue from the rendering of services, such as the revenue from administration and maintenance agreements, is recognised when the performance obligations are met through the rendering of the agreed-upon services, regardless of when the resulting monetary or financial flow arises.

Also, revenue from sales (both energy sales and the sale of solar farms) is recognised when the control of the assets or services attached to the performance obligation is transferred to the buyer. Specifically, the sale of solar PV farms whose fixed assets are classified as inventories (Note 3.6) is recognised under "Net revenue" in the consolidated income statement as the aggregate of the price of the shares in the solar PV farm and the net debt of the farm in question (total debt less current assets), at the same time as derecognising the inventories with a charge to "Changes in Inventories of Finished Goods and Work in Progress" in the consolidated income statement. The difference between the two amounts is the operating profit or loss on the sale.

Each farm adopts the legal form of a public limited liability company or private limited liability company (see Annex I), whose shares are fully consolidated in the consolidated financial statements and the related explanatory notes. The effective delivery of a solar PV farm earmarked for sale normally occurs once it has entered into operation and successfully completed the start-up period.

For construction contracts (EPC contracts), the Group generally recognises the revenue and profit or loss on each contract by reference to the estimated stage of completion of the contract, calculated based on the percentage of costs incurred compared with the total budgeted costs. Potential losses on project contracts are recognised in full when they become known and can be estimated. The difference between revenue recognised on each project and the amount invoiced for the project is recognised as follows:

- If the difference is positive, under "Trade and other Receivables - Amounts to be billed for work performed" (deferred billings) (Note 9).
- If the difference is negative, under "Trade and Other Payables - Advances Received on Orders" (prebillings) (see Note 16).

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. In any case, interest and dividends from financial assets accrued after the acquisition date are recognised as income in the income statement.

### *3.11 Provisions and contingencies*

When preparing the consolidated financial statements, the Group's directors differentiated between:

a) Provisions: credit balances covering present obligations arising from past events, with respect to which it is probable that an outflow of resources will be required to settle the obligations but whose amount and/or timing is uncertain.

b) Contingent liabilities: possible obligations arising from past events, whose occurrence depends on whether one or more future events beyond the control of the Group happen or not.

The consolidated financial statements reflect all significant provisions with regard to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised, but rather are disclosed in the Notes of the report, unless the possibility of an outflow in settlement is considered to be remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences, while recording the adjustments arising from the updating of such provisions as a financial expense as long as it accrues.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Group is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

Provisions for environmental restoration, restructuring costs and litigation are recognised when the Group has a present obligation, whether legal or implicit, as a result of past events; it is probable that an outflow of resources will be necessary to settle the obligation; and the amount has been reliably estimated. The provisions for restructuring include penalties for cancellation of the lease and termination benefits to the employees, as the case may be. No provisions for future operating losses are recognised.

### *3.12 Employee benefits*

**Termination benefits**

Termination benefits are paid to employees as a result of the Group's decision to terminate their employment contract prior to normal retirement age or when the employee agrees to voluntarily resign in exchange for these benefits. The Group recognises these benefits on the earlier of the following dates: (a) when the Group can no longer withdraw the offer of these benefits; or (b) when the entity recognises the costs of a restructuring pursuant to IAS 37 and this involves the payment of termination benefits. When an offer is made to encourage the voluntary redundancy of employees, the termination benefits are calculated on the basis of the number of employees that are expected to accept the offer. Benefits not payable within twelve months from the balance sheet date are discounted to their present value.

**Variable remuneration plans**

The Group has an incentive plan with some of its managers whose value is based on the achievement of the objectives described in note 20.3 and takes into account the Solarpack Corporación Tecnológica share price. The Group records the current value of the obligation of these future payments, which is calculated by applying a simplified method in the plan consolidation period, recording the expense in “Personnel expenses” credited to “Provisions - Provisions for payments based on shares” in the consolidated balance sheet as of 31 December 2019 attached (Note 20.3), as it is a cash-settled share based payment.

The Group recognises a liability and an expense as variable remuneration based on the formulas that take into account business performance and earnings. The Group recognises a provision when contractually obliged to do so or, for any other reason, this remuneration becomes claimable.

### *3.13 Joint ventures*

Companies deemed to be joint ventures are recognised using the equity method (see Note 7).

### *3.14 Related party transactions*

The Group performs all its transactions with related parties at market prices. Also transfer prices are appropriately supported so the Group's directors do not consider that any significant risks that could give rise to material liabilities in the future exist in this connection.

### *3.15 Distribution of dividends*

The distribution of dividends to the Parent Company's shareholders is recognised as a liability in the Group's consolidated financial statements and related explanatory notes in the reporting period in which the dividends are approved by the Parent Company's shareholders.

### *3.16 Environment*

The expenses arising from the business activities aimed at protecting and improving the environment are recorded as an expense in the reporting period in which they are incurred. When these expenses, the purpose of which is to minimise environmental impact and protect and improve the environment, give rise to additions to property, plant and equipment, they are capitalised to those assets.

### *3.17 Current/Non-current classification*

Current assets are those linked to the normal operating cycle which are generally considered to be one year, any other assets whose expiration, disposal or realisation is expected to occur in the short term after year-end closing, and financial assets held for trading, with the exception of financial derivatives whose settlement term is greater than one year, and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current.

Similarly, current liabilities are those related to the normal operating cycle, financial liabilities held for trading, with the exception of financial derivatives whose settlement term is greater than one year and in general all obligations whose maturity or termination will arise in the short term. Otherwise, they are classified as non-current.

The loans and credit facilities assigned to the solar PV plants earmarked for sale, which are recognised under "Inventories" (Note 3.6), are classified as current or non-current on the basis of the scheduled term for the sale of the solar PV plant, since this disposal, which is performed through the sale of the shares of the public/private limited liability company in which these plants are legally structured, involves the exclusion from the scope of consolidation of all its assets and liabilities.

As a consequence, regardless of the maturity schedule that contractually relates to this financing, the accompanying consolidated balance sheet classifies as current all the financing assigned to solar PV plants whose sale is scheduled for the twelve months subsequent to the reporting date.

## 4. Risk management

### *4.1 Financial risk factors*

The Group's activities expose it to various financial risks: market risk (including foreign currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Group's profits.

The Group's business risk management involves procedures supervised by the Board of Directors of the Parent Company, and developed by management and executed in the organisation's operations. The Audit and Compliance Committee is responsible for the supervision of the risk control and management system. For its part, the Board of Directors is responsible for designing and implementing the risk control and management policy and the supervision of internal information and control systems.

Financial risk management is controlled by the Group's Financial Department, which identifies, assesses and hedges financial risks in close collaboration with the Group's operating units. These guidelines are used for global risk management, as well as for specific areas such as exchange-rate risk, interest rate risk, liquidity risk and investment of excess liquidity.

**Market risk**

a) Exchange-rate risk

The Group operates on an international stage and, therefore, is exposed to foreign currency risk on the transactions performed by it in foreign currencies, particularly in US dollars and Indian rupees. Exchange-rate risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Exchange-rate risk arises when the future commercial transactions or recognised assets or liabilities are denominated in a currency other than the entity's functional currency (Notes 9, 11, 12.4, 14, 20 and 21).

Group management has established the policy of requiring its entities to manage their exchange-rate risk in relation to its functional currency.

The Group hedges exchange-rate risk as follows:

- In the construction business, most of the supplies are arranged in the EPC contract currency, and exposure to exchange-rate risk is minimal. For the purchase of modules in dollars, exchange-rate insurance is taken out for projects in other currencies.

- In solar power plant investments, non-current borrowings are generally arranged in the currency in which the solar PV facility's revenue is denominated.

The Group has various investments in foreign operations, the net assets of which are mainly denominated in US dollars and Indian rupees and are exposed to exchange-rate risk. The exchange-rate risk of the net assets of these operations is mainly managed through borrowings denominated in the relevant foreign currency.

If, at 31 December 2019, the euro had been devalued/revalued by 10% with respect to all functional currencies other than the euro, with the rest of the variables remaining constant, the equity would have been higher/lower by 6,079 / 6,563 thousand euros (higher/lower by 4,170 / 3,284 thousand euros at 31 December 2018) due to the effect of the equity contributed by the subsidiaries that operate with a functional currency other than the euro. The detail, by currency, is as follows:

| | Euros | | | |
|---|---|---|---|---|
| | **31.12.2019** | | **31.12.2018** | |
| | 10% | (10%) | 10% | (10%) |
| Dollars | (3,590,834) | 2,407,433 | (565,688) | 850,874 |
| Chilean peso | (2,252,529) | 2,752,921 | (1,498,189) | 1,831,267 |
| Indian rupees | (721,794) | 920,683 | (1,233,913) | 1,504,850 |
| Other currencies | 1,661 | (2,029) | 13,739 | (16,787) |
| **Total** | **(6,563,496)** | **6,079,007** | **(3,284,051)** | **4,170,204** |

If the average exchange rate of the euro during 2019 had fallen/risen by 10% relative to all the functional currencies other than the euro, and other variables had remained constant, profit after tax for the reporting period would have decreased by 166 thousand/increased by 189 thousand (31 December 2018: increased by 299 thousand/decreased by 375 thousand euros), mainly as a result of the translation to euros of the income statement. The detail, by currency, is as follows:

| | Euros | | | |
|---|---|---|---|---|
| | **31.12.2019** | | **31.12.2018** | |
| | 10% | (10%) | 10% | (10%) |
| Dollars | (318,094) | 401,651 | 48,309 | (49,541) |
| Chilean peso | (20,677) | 25,271 | (203,181) | 248,322 |
| Indian rupees | 487,164 | (594,891) | (145,622) | 177,916 |
| Other currencies | 17,149 | (20,959) | 1,007 | (1,232) |
| **Total** | **165,541** | **(188,928)** | **(299,487)** | **375,465** |

b) Price risk

The Group's exposure to price risk on its equity securities arising from the Group's investments, which are classified in the consolidated balance sheet as available-for-sale, or held at fair value through profit or loss or through comprehensive income, is not significant due to the scant relative weight of these investments as a percentage of the Group's total assets and equity.

c) Interest rates

In relation to interest rate risk on non-current bank borrowings, each Group company adheres to a strategy that consists of raising finance through financing agreements with a fixed interest rate.

In the case of non-current bank borrowings that are not financed with a fixed interest rate, the Group manages a portion of its interest rate risk through derivative financial instruments (Note 15). These instruments are employed by the Group to convert a financial liability's floating interest rate into a fixed rate, either for all or part of the financial liability and over all or part of its life.

As a result, if during 2019 the average floating interest rates of borrowings denominated in euros had been 10 basis points higher/lower, and the other variables had remained constant, profit after tax for the corresponding reporting period would have been 31 thousand euros (12 thousand euros in 2019). Therefore, the Group does not consider that there is a high interest rate risk.

**Credit risk**

Except in relation to accounts receivable, credit risk is managed at Group level. The credit risk arising from cash and cash equivalents and deposits with banks and financial institutions is considered reduced by the credit quality of the banks with which the Group operates. In certain circumstances that determine specific credit risks of these financial institutions, appropriate provisions are provided, if necessary, to hedge these risks.

The Solarpack Group's sales are concentrated in various types of customers (public or private entities in various sectors such as official bodies, electricity suppliers and distributors, mining sector companies, infrastructure managers, others). There is a commercial risk derived from outstanding trade receivables. The Solarpack Group continuously analyses these receivables, as well as the customer’s credit quality.

Those subsidiaries whose business activity consists of generating solar power, despite being highly concentrated, have a high credit rating. In the case of Spain, it is not considered that there is a high risk since it is a state body, and the sale of energy to other customers is not typical.

In relation to the subsidiaries whose plants are located in India and Chile, they have entered into power supply agreements exclusively with one customer or for substantially all the forecast energy production, without it being considered that there is a high credit risk because they are major companies in each of the countries in which these plants operate, and have high credit ratings. As a result, specific hedges have not been arranged to hedge this risk.

The other Group companies work with customers that have high credit ratings, there are credit limits that were not exceeded in the reporting period, and management does not expect significant losses due to the non-compliance of these counterparties.

In Maintenance and Operation and Asset Management activities in Spain, all these customers have a stable cash flow and in their long-term non-recourse senior debt contracts it is stipulated that the payment of operating expenses takes priority over the payment of debt, precisely to keep assets operating and generating cash, so it is considered that there is no high credit risk.

For the proper management of this risk, the company monitors outstanding debt balances and monitors and manages outstanding debt.

**Liquidity risk**

Prudent management of liquidity risk entails the maintenance of sufficient cash and the availability of financing through a sufficient level of credit facilities. In this respect, the Group's strategy is to maintain, through its Treasury Department, the required financing flexibility by means of financial assets and the availability of committed credit lines.

The cash surplus held by the operating entities over and above the balance required for the purposes of managing the working capital is transferred to the Group's Financial Department, which invests these surpluses in current accounts, term deposits, money market deposits and marketable securities, while selecting instruments with suitable maturities or sufficient liquidity to provide a sufficient buffer as established by the aforementioned forecasts. At 31 December 2019, the Group had short-term, highly liquid investments recorded under “Other current financial assets” amounting to 4,953 thousand euros (4,987 thousand euros at 31 December 2018) (Note 11).

Management monitors the reviews of the Group's liquidity reserve and the changes in Net Financial Debt, which at 31 December 2019 and 2018 was calculated as follows:

| | Euros | |
|---|---|---|
| | 31.12.2019 | 31.12.2018 |
| Cash and cash equivalents (Note 11) | 34,752,943 | 94,279,603 |
| Short-term loans (Notes 7 and 8) | 644,772 | 614,518 |
| Other current financial assets (Note 8) | 8,591,271 | 9,461,665 |
| Lines of credit not drawn down (Note 14) | 6,532,088 | 14,053,667 |
| **Liquidity Reserve** | **50,521,074** | **118,409,453** |
| Long-term debts (Note 14) | 348,696,252 | 139,269,322 |
| Bank borrowings and other short-term liabilities (Note 14) | 87,351,593 | 16,080,115 |
| Cash and cash equivalents (Note 11) | (34,752,943) | (94,279,603) |
| Short-term loans (Notes 7 and 8) | (644,772) | (614,518) |

| | | |
|---|---|---|
| Other current financial assets (Note 8) | (8,591,271) | (9,461,665) |
| **Net financial debt** | **392,058,859** | **50,993,651** |

The increase in net financial debt during 2019 came, basically, from the increase in long-term debt to finance the Group's high investment activity during the year and from the financing obtained for the acquisition of the new companies Tacna and Panamericana (Note 2.8) as well as the increase in the Group's activity during the year. During 2019, three photovoltaic plants were built in Spain, two photovoltaic plants in India and the construction of another photovoltaic plant in Chile is in progress (Note 6).

The Group's Financial Department monitors the Group's liquidity needs forecasts in order to ensure that it has sufficient cash to meet operational needs while maintaining sufficient availability of unused credit facilities at all times so that the Group does not breach the covenants established in relation to the financing (Note 14).

At 31 December 2019, and in accordance with the provisions of the long-term financing contracts, the amount of 26,377 thousand euros (9,379 thousand euros at 31 December 2018) recorded under the heading "Cash and cash equivalents" and the amount of 7,172 thousand euros (7,820 thousand euros at 31 December 2018) recorded under the heading "Other current financial assets" had restrictions on their use. The restriction is that said cash cannot be used centrally by the Group, but is intended to pay (i) operating expenses and (ii) the debt service of the companies that hold said cash, most of whom belong to the POWGEN division. Therefore, it should be noted that there is no restriction on this restricted cash being used to repay long-term financing.

Below is a table with the detail of the Working Capital presented in the Group's consolidated balance sheet at 31 December 2019 compared to that of 31 December 2018:

| | Euros | |
|---|---|---|
| | 31.12.2019 | 31.12.2018 |
| Inventories | 9,966,796 | 3,679,941 |
| Trade and other receivables | 76,057,550 | 13,753,475 |
| Short-term accrual accounts | 1,239,690 | 380,553 |
| **Current operating assets** | **87,264,036** | **17,813,969** |
| Other current financial assets | 9,236,043 | 10,076,183 |
| Cash and cash equivalents | 34,752,943 | 94,279,603 |
| **CURRENT ASSETS** | **131,253,022** | **122,169,755** |
| Trade payables and other payables | 54,631,591 | 14,834,131 |
| Short-term accrual accounts | 206,125 | 204,835 |
| **Current operating liabilities** | **54,837,716** | **15,038,966** |
| Short-term loans and borrowings | 80,290,788 | 11,373,719 |
| Short-term provisions | 139,920 | 180,540 |
| Other short-term financial liabilities | 7,166,429 | 4,706,396 |
| **CURRENT LIABILITIES** | **142,434,853** | **31,299,621** |
| **TOTAL WORKING CAPITAL** | **(11,181,831)** | **90,870,134** |
| Outstanding bank borrowings (*) | 26,708,231 | - |
| **ADJUSTED WORKING CAPITAL** | **15,526,400** | **90,870,134** |

(*) In order to finance the operation described in Note 2.8, the Group obtained a loan with a bank for the amount of 30 million dollars, equivalent to 26.7 million euros. The Group expects to repay this debt at the closing of the operation with Ardian.

Although the size of the working capital considered in isolation is not a key parameter required to understand the Group's consolidated financial statements and related explanatory notes, the Group actively manages the working capital through the net operating working capital and the current and non-current net financial debt, based on the solidity, quality and stability of relationships with its customers and partners with whom it has made investments in other countries, as well as carried out an exhaustive monitoring of its position with the banks.

In relation to the liquidity reserve (including the amount available in lines of credit, see note 14), as well as the net financial debt and working capital, the Group's directors consider that the liquidity risk is not high.

### *4.2 Fair value measurement*

IFRS 13, Fair Value Measurement explains how to measure fair value when required by another lASs. The standard establishes the disclosures of fair value measurements applicable to financial and non-financial assets and liabilities.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction on the measurement date, whether it is observable or estimated using a valuation technique. For this purpose, data are selected that are consistent with the data that market participants would take into account in the transaction.

IFRS 13 maintains the principles of other standards although it establishes the complete framework for measuring fair value when it is a requirement under other IFRSs and establishes the additional information necessary to be disclosed on the fair value measurements.

The requirements of IFRS 13 are met by the Group in the fair value measurement of its assets and liabilities when this value is required by the other IFRSs.

Based on IFRS 13 and under IFRS 7, Financial Instruments measured at fair value, the Group discloses the fair value estimate according to a fair value hierarchy, as follows:

- Unadjusted quoted prices in active markets for assets and liabilities (Level 1), such as financial instruments quoted in organised markets whose market value is as quoted at year-end.

- Inputs other than quoted prices included within Level 1 that are observable, either directly (i.e. as benchmark prices) or indirectly (i.e. derived from prices) through valuation models (Level 2).

- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3).

The financial instruments held by the Group and measured at fair value consist of derivatives (Level 2), which the Group began to arrange in 2016 and maintained at 31 December 2019 and 2018 (Note 15), and of equity instruments held in certain companies (Level 3) (Note 8).

### *4.3 Capital risk management*

The Group's capital management objectives are to safeguard its ability to continue as a going concern, generate returns for shareholders and maintain an optimal capital structure while reducing the cost thereof.

In order to be able to maintain or adjust the capital structure, the Group may vary the amount of the dividends payable to shareholders, reimburse capital, issue new shares or sell assets to reduce debt. In this sense, among the decisions adopted in the framework of the Group's IPO (Notes 1 and 12) is the one to not pay dividends between the next three and five years (a decision that will be re-evaluated three years after the listing on the stock market).

The Group monitors capital on the basis of its debt ratio, which is in line with the industry. This ratio is calculated by dividing net financial debt by total capital employed in the business. Net debt is calculated as indicated in Note 4.1. Total capital employed in the business is calculated as equity, as indicated in the consolidated financial statements and related explanatory notes, plus net financial debt.

The Group's strategy in the years ended 31 December 2019 in 2018 led to the maintenance of a debt ratio close to 0.5 and below 0.75. The debt ratios at 31 December 2019 and 2018 were as follows:

| | Euros | |
|---|---|---|
| | 31.12.2019 | 31.12.2018 |
| Net financial debt (Note 4.1) (a) | 392,058,859 | 50,993,650 |
| Equity (b) | 166,191,461 | 159,506,718 |
| Total capital employed in the business (c) =(a+b) | 558,250,320 | 210,500,368 |
| **Debt ratio a/c** | **0.70** | **0.24** |

## 5. Segment Reporting

The Group analyses its operating segments based on the internal reports, which are reviewed, discussed and assessed regularly by the Board of Directors, which is the body ultimately responsible for taking decisions and for allocating resources to the segments and evaluating their performance. In this respect, the segment figures stated in the aforementioned internal reports include the revenue and margins eliminated on consolidation, since the directors consider that they reflect the Group's actual activity more faithfully than the consolidated figures, which only reflect transactions performed with third parties.

The Group implements a vertically integrated business model in the downstream segment of the solar PV industry. The Group is vertically integrated because it (i) develops and builds solar PV plants, (ii) operates those plants when they begin to produce energy, and (iii) provides technical and management services over the useful life of the plants. The downstream segment of the solar PV industry comprises the performance of generation projects and electricity production from solar PV. The downstream segment does not include the manufacture of the components and equipment used in those generation projects. The type of solar PV generation and electricity production projects on which the Group works relates to utility-scale projects, which are large ground-mounted generation projects. The Group does not implement rooftop projects (neither residential nor commercial) or small or medium-sized ground-mounted projects with a capacity of less than 5 MW.

As a result of this vertically integrated business model, the consolidated financial statements do not reflect the Group's actual activities, because a significant portion of the project development and construction and service provision activities are Intra-Group transactions. The commencement of construction and entry into operation of a solar PV electricity production project is a key moment in the Group's business in terms of the value generation of the project. Consequently, without segment reporting, the Group's consolidated financial statements would in no way reflect this generation of value in the case of projects that have not been sold to independent third parties, but rather have been built to be operated by the Group itself (Intra-Group transactions).

Similarly, the Group performs activities to provide (i) operation and maintenance technical services and (ii) asset management, which are very different from solar PV electricity production. All these activities must be reflected in the segment reporting so they are disclosed as a whole, both services provided to independent third parties and Intra-Group transactions.

As part of the energy generation activity, the Group holds shares in operational solar PV plant projects, but is not always the sole-shareholder. Therefore, to enable a correct segment analysis of this activity, information is included on a proportional basis in relation to the ownership interest of the Group in the plants, <u>including</u> the activity of plants over which it does not exercise control and <u>excluding</u> the activity of non-controlling interests in cases in which it does have control but its ownership interest is less than 100%.

Accordingly, the Group considers it appropriate to provide segment reporting in order to:

- Reflect the Group's actual level of activity regardless of whether Intra-Group (related-party customer) transactions are performed or transactions are performed with independent third parties (non-Group customers).
- Distinguish the volume of business performed with non-Group customers from related-party customers in each of the Group's activities.
- Reflect the timing of the generation of revenue and profits or losses in line with when each activity is performed.
- Reflect the activity proportionally in relation to the Group's ownership interest.

The segments defined are as follows:

- Development & Construction (DevCon): including, among others, activities related to the identification of sites for establishing solar farms, the management of environmental impact analyses, the obtaining of licences and permits to build and operate, and engineering and construction work on the solar farms.
- Services (SVCS): including services provided by the Group in relation to the technical operation and maintenance tasks and commercial and administrative tasks of operational solar plants, such as maintenance in coordination with OEMs, accounting and taxation of project companies, oversight of maintenance agreements, control centres, etc.
- Power Generation (PowGen): including, in proportion to the ownership interest of the Group, the revenue and expenses related to the generation and sale of power from operational solar farms, both in controlled companies, such as associates, and in others in which the Group holds an interest.

The methods used by the Group to obtain the segment-based financial statements were as follows:

- In general, any assets, liabilities, expenses and income corresponding exclusively or directly to each of the aforementioned business segments were allocated thereto.
- Assets for general use are presented in the "Structure" column and are not distributed among segments. However, any costs and income associated with such assets are allocated to segments.

The transfer prices in inter-segment sales are the prices applied which, as indicated in Note 3.14, are market prices.

At 31 December 2019, no discontinued operations, defined as the separation from the Group (either through a sale, spin-off, liquidation or similar operation) of an operating line of business or geographical area, had taken place. Similarly, management does not have any intention to perform any such operation in the near future. The detail of the disclosures, by segment, of the Group's business at 31 December 2019 and 2018, based on the above-defined criteria, is presented below:

| | Euros | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 31/12/2019 | | | | | | | |
| | Dev Con (A) | SVCS (B) | Structure (C) | **Aggregate total (A+B+C=D)** | PowGen (E) | **Aggregate total (D+E=F)** | Eliminations (G) | **Total (F+G)** |
| Operating revenue | 220,500,349 | 8,240,405 | - | **228,740,754** | 35,212,485 | **263,953,239** | (174,025,697) | **89,927,541** |
| Non-group customers | 42,160,933 | 4,057,119 | - | **46,218,052** | 35,212,485 | **81,430,536** | 1,452,837 | **82,883,374** |
| Related-party customers | 178,339,416 | 4,183,286 | - | **182,522,702** | - | **182,522,702** | (175,478,534) | **7,044,168** |
| Operating costs | (208,593,513) | (6,082,273) | (1,067,991) | **(215,743,777)** | (10,194,216) | **(225,937,993)** | 157,435,983 | **(68,502,009)** |
| Direct costs | (198,704,157) | (5,599,283) | - | **(204,303,440)** | (4,618,450) | **(208,921,890)** | 157,048,399 | **(51,873,491)** |
| SGA | (8,035,635) | (467,469) | (1,067,991) | **(9,571,094)** | (318,884) | **(9,889,978)** | 103,231 | **(9,786,747)** |
| Impairment and other gains/losses | (1,838,640) | - | - | **(1,838,640)** | 7,833,669 | **5,995,029** | (178,117) | **5,816,912** |
| Depreciation and amortisation | (15,081) | (15,521) | - | **(30,602)** | (13,090,551) | **(13,121,153)** | 462,470 | **(12,658,683)** |
| **OPERATING PROFIT (LOSS)-EBIT** | **11,906,836** | **2,158,132** | **(1,067,991)** | **12,996,977** | **25,018,269** | **38,015,246** | **(16,589,714)** | **21,425,532** |

| | Euros | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 31.12.2018 | | | | | | | |
| | Dev Con (A) | SVCS (B) | Structure (C) | **Aggregate total (A+B+C=D)** | PowGen (E) | **Aggregate total (D+E=F)** | Eliminations (G) | **Total (F+G)** |
| Operating revenue | 13,536,447 | 4,576,852 | - | 18,113,299 | 20,751,144 | 38,864,443 | (8,763,828) | 30,100,615 |
| Non-group customers | 6,360,446 | 3,761,166 | - | 10,121,612 | 20,751,144 | 30,872,756 | (4,167,275) | 26,705,481 |
| Related-party customers | 7,176,001 | 815,686 | - | 7,991,687 | - | 7,991,687 | (4,596,553) | 3,395,134 |
| Operating costs | (13,595,192) | (3,275,621) | (1,410,971) | (18,281,783) | (8,278,825) | (26,560,609) | 7,489,530 | (19,071,079) |
| Direct costs | (10,019,556) | (2,809,409) | - | (12,828,964) | (1,923,338) | (14,752,303) | 4,666,800 | (10,085,503) |
| SGA | (3,566,607) | (439,160) | (1,410,971) | (5,416,738) | - | (5,416,738) | - | (5,416,738) |
| Depreciation and amortisation | (9,029) | (27,052) | - | (36,081) | (6,355,487) | (6,391,568) | 2,822,730 | (3,568,838) |
| **OPERATING PROFIT (LOSS)-EBIT** | **(58,745)** | **1,301,231** | **(1,410,971)** | **(168,484)** | **12,472,320** | **12,303,834** | **(1,274,298)** | **11,029,536** |

Detail by project of the Power Generation segment:

| | Euros | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 31/12/2019 | | | | | | | | | | | | | | |
| | PMGD | Telangana | Ataca | Moque-gua | Tacna | Paname-ricana | Isla Mayor | Lebrija | Llerena 1 | Llerena 2 | Guijo de Coria | Monclova | Grullas | Karnataka | **Total Pow Gen** |
| Net revenues | | | | | | | | | | | | | | | |
| Non-group customers | 4,519,624 | 9,286,530 | 1,491,926 | 956,955 | 4,530,399 | 4,742,745 | 1,634,232 | 960,309 | 2,190,803 | 2,164,018 | 2,452,026 | 44,966 | 34,590 | 203,362 | 35,212,485 |
| Operating costs | (2,214,137) | (4,236,618) | (838,733) | (485,282) | 705,758 | 1,283,578 | (667,416) | (419,365) | (965,990) | (841,850) | (1,193,479) | (63,392) | (69,341) | (187,948) | (10,194,216) |
| Direct costs | (590,556) | (1,039,662) | (293,150) | (188,741) | (828,006) | (825,438) | (87,184) | (69,708) | (140,196) | (175,656) | (364,801) | (3,148) | (3,197) | (9,010) | (4,618,450) |
| SGA | - | - | - | *(1,269)* | *(133,266)* | *(133,266)* | *(8,880)* | *(5,218)* | *(11,904)* | *(11,758)* | *(13,323)* | - | - | - | *(318,884)* |
| Impairment and other gains/losses | - | - | - | - | 3,607,172 | 4,226,497 | - | - | - | - | - | - | - | - | 7,833,669 |
| Depreciation and amortisation | (1,623,581) | (3,196,956) | (545,583) | (295,272) | (1,940,142) | (1,984,215) | (571,352) | (344,440) | (813,890) | (654,437) | (815,356) | (60,245) | (66,145) | (178,938) | (13,090,551) |
| **OPERATING PROFIT (LOSS)-EBIT** | **2,305,487** | **5,049,912** | **653,194** | **471,673** | **5,236,156** | **6,026,322** | **966,815** | **540,944** | **1,224,814** | **1,322,168** | **1,258,546** | **(18,426)** | **(34,751)** | **15,415** | **25,018,269** |

| | Euros | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 31/12/2018 | | | | | | | | | | | |
| | PMGD | Telangana | Ataca | Moque-gua | Tacna | Paname-ricana | Isla Mayor | Lebrija | Llerena 1 | Llerena 2 | Guijo de Coria | **Total Pow Gen** |
| Net revenues | | | | | | | | | | | | |
| Non-group customers | 3,831,198 | 10,511,864 | 1,315,468 | 880,180 | 902,545 | 948,740 | 269,624 | 171,865 | 243,102 | 337,140 | 1,339,419 | 20,751,144 |
| Operating costs | | | | | | | | | | | | |
| Direct costs | (579,700) | (297,070) | (261,886) | (156,862) | (83,101) | (87,653) | (41,735) | (28,449) | (37,334) | (44,775) | (304,775) | (1,923,338) |
| Depreciation and amortisation | (1,562,865) | (2,414,677) | (521,563) | (281,983) | (312,680) | (315,396) | (122,218) | (75,390) | (108,232) | (125,731) | (514,751) | (6,355,486) |
| **OPERATING PROFIT (LOSS)-EBIT** | 1,688,633 | 7,800,116 | 532,019 | 441,335 | 506,764 | 545,691 | 105,671 | 68,026 | 97,536 | 166,634 | 519,893 | 12,472,320 |

All the costs and expenses directly attributable to our activities, including procurements, direct labour costs as detailed under staff costs (see Note 20.3), other operating expenses (see Note 20.4) and other income and expenses (see Note 20.5) are included as direct costs. Direct costs do not include general corporate and administrative expenses and other general expenses, although the incentive plan formalised during 2019 is included in the DEV-CON segment.

The SGA comprise the general corporate and administrative expenses that include corporate, commercial, administrative and other general expenses not directly related to the various projects and activities.

The "Eliminations" column shows:

(i) Intra-Group transactions which, according to the IFRSs, are eliminated on consolidation of our profit or loss, it corresponds mostly to the elimination of the DevCon margin of the projects that Solarpack owns, ("Build and Own"),
(ii) transactions performed by companies accounted for using the equity method and financial assets at fair value through other comprehensive income, which are accounted for in various segments,
(iii) transactions attributable to non-controlling interests in companies that are fully consolidated in the Group's consolidated results under IFRSs, but which are partially eliminated in the segments to reflect our proportional ownership interest in the results,
(iv) reclassifications of project transactions which according to accounting standards, are classified under accounting headings that do not enable the correct analysis of the segment, such as (a) income from compensatory amounts for loss of profit that, according to accounting standards, is accounted for as a decrease in operating expenses, although the objective of these amounts is to offset unrealised earnings (b) financial profit or loss from project contracts which, according to accounting standards and since these financial activities are not the main activity of the Group, is classified for accounting purposes as financial profit or loss although it forms part of the profit or loss from operations of the projects.

The elimination adjustments are as follows:

| | Euros 31.12.2019 | | | | |
|---|---|---|---|---|---|
| | i. Intra-Group transactions | ii. Non-controlled entities | iii. Non-controlling interests | iv. Heading adjustments | **Eliminations** |
| Operating revenue | (173,952,768) | (4,611,293) | 3,174,067 | 1,364,297 | (174,025,697) |
| Non-group customers | 1,880,844 | (4,611,293) | 3,174,067 | 1,009,220 | 1,452,837 |
| Related-party customers | (175,833,612) | | | 355,077 | (175,478,534) |
| Operating costs | 158,841,196 | 2,359,837 | (1,314,585) | (2,450,466) | 157,435,983 |
| Direct costs | 158,526,346 | 1,069,951 | (365,595) | (2,182,304) | 157,048,399 |
| SGA | - | - | - | 103,231 | 103,231 |
| Impairment and other gains/losses | - | - | - | (178,117) | (178,117) |
| Depreciation and amortisation | 314,849 | 1,289,886 | (948,990) | (193,276) | 462,470 |
| **OPERATING PROFIT (LOSS)-EBIT** | **(15,111,572)** | **(2,251,456)** | **1,859,482** | **(1,086,168)** | **(16,589,714)** |

| | Euros 31.12.2018 | | | | |
|---|---|---|---|---|---|
| | i. Intra-Group transactions | ii. Non-controlled entities | iii. Non-controlling interests | iv. Heading adjustments | **Eliminations** |
| Operating revenue | (5,202,755) | (5,721,936) | 3,094,671 | (933,808) | (8,763,828) |
| Non-group customers | (59,475) | (5,909,247) | 3,094,671 | (1,293,224) | (4,167,275) |
| Related-party customers | (5,143,280) | 187,311 | - | 359,416 | (4,596,553) |
| Operating costs | 4,423,423 | 3,217,516 | (924,560) | 773,152 | 7,489,530 |
| Direct costs | 2,536,030 | 1,290,007 | (17,770) | 858,532 | 4,666,800 |
| Depreciation and amortisation | 1,887,392 | 1,927,509 | (906,790) | (85,381) | 2,822,730 |
| **OPERATING PROFIT (LOSS)-EBIT** | **(779,332)** | **(2,504,420)** | **2,170,111** | **(160,657)** | **(1,274,298)** |

In accordance with paragraph 23 of IFRS 8, the Group does not disclose the interest expense, the interest in the profit or loss of associates or the income tax expense since this information is not regularly provided to the chief operating decision maker (Board of Directors).

**Geographical information**

The geographical distribution relating to the years ended 31 December 2019 and 2018 is as follows:

| | Euros | |
|---|---|---|
| Net Revenues | 31.12.2019 | 31.12.2018 |
| Spain | 45,606,254 | 3,037,093 |
| Chile | 16,431,189 | 6,473,186 |
| India | 11,439,828 | 11,270,463 |
| Peru | 8,860,547 | - |
| Colombia | - | 5,069,464 |
| Other | 487,574 | 1,057,232 |
| | **82,825,392** | **26,907,438** |

| | Euros | |
|---|---|---|
| Property, plant and equipment | 31.12.2019 | 31.12.2018 |
| Spain | 144,839,571 | 63,265,044 |
| Chile | 105,062,029 | 35,021,699 |
| India | 99,478,558 | 76,848,980 |
| Peru | 126,601,490 | - |
| Colombia | 295,790 | |
| Other | 613,012 | - |
| | **476,890,450** | **175,135,723** |

**Information on main customers**

The breakdown of sales to non-Group customers that were billed during the years ended 31 December 2019 and 2018 for amounts equal to or which exceeded 10% of revenue is as follows:

**2019**

| | Euros |
|---|---|
| Cve Energía Renovable Chile Spa | 9,186,462 |
| Generación Fotovoltaica Bargas S.L. | 19,525,446 |
| | **28,711,908** |

**2018**

| | Euros |
|---|---|
| Southern Power Distribution Company of Telangana Limited | 7,611,636 |
| Northern Power Distribution Company of Telangana Limited | 3,658,827 |
| Empresa Energia del Pacífico, S.A. | 5,069,464 |
| | **16,339,927** |

## 6. Property, plant and equipment

### Intangible assets

The changes in 2019 and 2018 and the composition of this heading of the accompanying consolidated balance sheet is as follows (in euros):

***2019***

| Euros | Balance at 31/12/2018 | Additions | Retirements | Business combination (Note 2.8) | Other movements (*) | Balance at 31/12/2019 |
|---|---|---|---|---|---|---|
| **COST:** | | | | | | |
| Goodwill | 3,567,470 | - | (178,117) | 328,181 | - | 3,717,534 |
| Concessions | 5,827,905 | 208,820 | - | - | 126,362 | 6,163,087 |
| Patents, licences and trademarks | 14,875,069 | - | - | 51,513,043 | - | 66,388,112 |
| Computer software | 314,126 | 61,356 | - | - | - | 375,482 |
| **Total Cost** | **24,584,570** | **270,176** | **(178,117)** | **51,841,224** | **126,362** | **76,644,215** |
| **ACCUMULATED DEPRECIATION:** | | | | | | |
| Concessions | (137,668) | (137,914) | - | - | (5,031) | (280,613) |
| Patents, licences and trademarks | (6,000) | (1,954,029) | - | - | (105,691) | (2,065,720) |
| Computer software | (4,832) | (38,740) | - | - | - | (43,572) |
| **Total accumulated amortisation** | **(148,500)** | **(2,130,683)** | **-** | **-** | **(110,722)** | **(2,389,905)** |
| **Net total** | **24,436,070** | **(1,860,507)** | **(178,117)** | **51,841,224** | **15,640** | **74,254,310** |

(*) Mainly includes the effect of the change in the currency exchange rate of the assets of foreign subsidiaries.

**2018**

| Euros | Balance at 31/12/2017 | Transfer (Note 10) | Additions | Business combination (Note 2.8) | Other movements (*) | Balance at 31/12/2018 |
|---|---|---|---|---|---|---|
| **COST:** | | | | | | |
| Goodwill | - | - | - | 3,567,470 | - | 3,567,470 |
| Concessions | - | 4,356,879 | 1,263,407 | - | 207,619 | 5,827,905 |
| Patents, licences and trademarks | 6,000 | - | - | 14,869,069 | - | 14,875,069 |
| Computer software | 85,162 | - | 228,964 | - | - | 314,126 |
| **Total Cost** | **91,162** | **4,356,879** | **1,492,371** | **18,436,539** | **207,619** | **24,584,570** |
| **ACCUMULATED DEPRECIATION:** | | | | | | |
| Concessions | - | - | (129,753) | - | (7,915) | (137,668) |
| Patents, licences and trademarks | (5,400) | - | (600) | - | - | (6,000) |
| Computer software | - | - | (4,832) | - | - | (4,832) |
| **Total accumulated amortisation** | **(5,400)** | **-** | **(135,185)** | **-** | **(7,915)** | **(148,500)** |
| **Net total** | **85,762** | **4,356,879** | **1,357,186** | **18,436,539** | **199,704** | **24,436,070** |

(*) Mainly includes the effect of the change in the currency exchange rate of the assets of foreign subsidiaries.

Under the heading "Concessions", the Group has concession contracts for the assignment of land use for the installation of photovoltaic plants in Chile (Note 3.1).

At the end of 2019, the Company had no firm commitments to purchase intangible assets (117 thousand euros at the end of 2018).

**Property, plant and equipment**

Changes in the "Property, plant and equipment" heading of the consolidated balance sheet during 2019 and 2018 were as follows (in euros):

**2019**

| Euros | Balance at 31/12/2018 | Additions/(Retirements) | Transfers | Other movements (*) | Business combination (Note 2.8) | Balance at 31/12/2019 |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| Land | 6,107,103 | 475,442 | - | (34,236) | - | 6,548,309 |
| Property, plant and equipment-solar PV plants | 209,642,215 | 1,122,436 | 100,413,744 | (1,795,303) | 128,527,915 | 437,911,007 |
| Property, plant and equipment in progress solar PV plants | 4,551,214 | 173,022,217 | (100,413,744) | (411,191) | - | 76,748,496 |
| Right of use on land | - | 12,544,866 | - | - | - | 12,544,866 |
| Plant and other items of property, plant and equipment | 1,059,791 | 144,443 | - | - | - | 1,204,234 |
| **Total Cost** | **221,360,323** | **187,353,187** | **-** | **(2,284,513)** | **128,527,915** | **534,956,912** |
| Depreciation | | - | - | - | - | - |
| Solar PV Plants | (45,700,756) | (10,190,415) | - | 522,369 | - | (55,368,802) |
| Right of use on land | | (196,929) | - | - | - | (196,929) |
| Plant and other items of property, plant and equipment | (523,844) | (140,656) | - | 2,407 | - | (662,093) |
| **Total amortisation** | **(46,224,600)** | **(10,528,000)** | **-** | **524,776** | **-** | **(56,227,824)** |
| Impairment | | | | | | |
| Photovoltaic plants in progress | - | (1,838,638) | - | - | - | (1,838,638) |
| **Total Impairment** | - | (1,838,638) | - | - | - | **(1,838,638)** |
| **Total** | **175,135,723** | **174,986,549** | **-** | **(1,759,737)** | **128,527,915** | **476,890,450** |

(*) Mainly includes the effect of the change in the currency exchange rate of the assets of foreign subsidiaries.

*2018*

| Euros | Balance at 31/12/2017 | Additions/(Retirements) | Transfers (Note 2.5) | Other movements (*) | Business combination (Note 2.8) | Balance at 31/12/2018 |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| Land | 6,107,103 | 1,184,662 | 5,090,463 | (168,022) | - | 6,107,103 |
| Property, plant and equipment- solar PV plants | 209,642,215 | (297,906) | 106,978,149 | (1,167,576) | 96,144,391 | 209,642,215 |
| Property, plant and equipment in progress solar PV plants | 4,551,214 | 2,091,413 | 2,475,517 | (15,716) | - | 4,551,214 |
| Plant and other items of property, plant and equipment | 1,059,791 | 230,954 | 74,765 | (93,867) | - | 1,059,791 |
| **Total Cost** | **221,360,323** | **3,209,123** | **114,618,894** | **(1,445,181)** | **96,144,391** | **221,360,323** |
| Depreciation | | | | | | |
| Solar PV Plants | (45,700,756) | (3,326,718) | - | (132,234) | (39,023,778) | (45,700,756) |
| Plant and other items of property, plant and equipment | (523,844) | (106,935) | - | 1,702 | - | (523,844) |
| **Total amortisation** | **(46,224,600)** | **(3,433,653)** | **-** | **(130,532)** | **(39,023,778)** | **(46,224,600)** |
| **Total** | **175,145,723** | **(224,530)** | **114,618,894** | **(1,575,713)** | **57,120,613** | **175,135,723** |

(*) Mainly includes the effect of the change in the currency exchange rate of the assets of foreign subsidiaries.

These solar PV plants are integrated in the consolidated figures at the construction cost for the Group.

Additionally, the Group estimates the costs that it will have to face for the decommissioning of the plants in those cases where there is an obligation in this regard, for which a long-term provision is included at 31 December 2019 and 2018 for the amount of 5,882 and 1,682 thousand euros, respectively (Note 13).

At the end of each period, the directors consider if there are any indications of impairment in their solar PV plants in operation, unless an event is detected indicating an impairment in which case the frequency of the inspection will be greater. For the impairment indication inspection, the Group uses, among others, the financial forecasts of each asset. These financial forecasts are characterised by having a structure to determine the costs of the project (both in the construction phase and in the operational phase) and forecast revenues during the life of the plant, since most of them are regulated by long-term sales contracts.

During 2019, in relation to the development of one of the farms of the Karnataka project, certain circumstances occurred that led to the temporary cessation of the project, which will not be carried out in the terms initially envisaged, so it is not anticipated that a contract will be signed to sell electricity to an Indian state distributor. To date, the Group has made total investments in this project of 2,897 thousand euros. Although the Group is analysing different alternatives that allow it to recover the investment made, such as, the sale of the farm in the state in which it is located or the signing of a PPA with a third party, after the estimate made by the Directors regarding the recoverability of this investment, an impairment loss of 1,839 thousand euros was recorded.

At 31 December 2019, all the solar plants owned by the Group, with the exception of the aforementioned, were earning revenue and complying reasonably with the business plans, so the Directors consider that there are no indications of impairment to them. In addition, in the case of the Spanish plants, the current regulation establishes a minimum reasonable return for those plants.

**Property, plant and equipment by geographical area**

The detail of the property, plant and equipment by geographical location at 31 December 2019 and 2018 is as follows:

| | Euros | | | | | |
|---|---|---|---|---|---|---|
| | 31.12.2019 | | | 31.12.2018 | | |
| | Cost | Cumulative depreciation / Provisions | Net carrying amount | Cost | Cumulative depreciation / Provisions | Net carrying amount |
| America | 236,974,202 | (4,481,080) | 232,493,122 | 36,939,351 | (1,143,439) | 35,795,912 |
| Europe | 191,414,990 | (46,633,116) | 144,781,874 | 105,819,836 | (43,132,911) | 62,686,925 |
| Asia | 106,567,720 | (6,952,266) | 99,615,454 | 78,601,136 | (1,948,250) | 76,652,886 |
| **Total** | **534,956,912** | **(58,066,462)** | **476,890,450** | **221,360,323** | **(46,224,600)** | **175,135,723** |

**Property, plant and equipment not used in operations**

At 31 December 2019 and 2018 there were no significant property, plant and equipment items not being used in operations.

**Property, plant and equipment pledged as security**

At 31 December 2019, the solar plants were pledged as securities for bank borrowings payable, amounting to 360,048 thousand euros (132,538 thousand euros at 31 December 2018).

**Insurance**

The consolidated Group has contracted several insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered to be sufficient.

**Property, plant and equipment by project**

The detail of the total property, plant and equipment by project at 31 December 2019 is as follows:

| **Euros** | | |
|---|---|---|
| **Project** | **Age** | **Net carrying amount** |
| Office furniture and others | - | 507,205 |
| Isla Mayor | 10/2007 | 10,660,692 |
| Lebrija | 12/2007 | 6,687,492 |
| Llerena 1 | 12/2007 | 15,044,468 |
| Llerena 2 | 12/2007 | 12,028,190 |
| PMGD | 07/2015 | 31,701,420 |
| Telangana | 10/2017 | 71,853,358 |
| Guijo | 07/2011 | 18,546,449 |
| Grullas and Monclova | 12/2019 | 81,520,900 |
| Tacna | 12/2011 | 62,552,931 |
| Panamericana | 12/2011 | 63,990,930 |
| Karnataka | 11/2019 | 26,886,557 |
| Alpur | in progress | 727,735 |
| Granja | in progress | 72,049,660 |
| Projects under development (*) | in progress | 2,132,463 |
| **Total** | | **476,890,450** |

(*) In relation to the identifiable capitalised costs (such as processing of permits, expenses related to site preparation, and staff hours associated with the projects) of certain plants, which will be operated by the Group and are at the initial development stage, when they are commissioned.

## 7. Investments in and loans to companies accounted for using the equity method

### *7.1 Investments in companies accounted for using the equity method*

The detail of the investments in these companies accounted for using the equity method at 31 December 2019 and 2018 and of the changes therein in those periods is as follows:

**2019**

| | Euros | | | | |
|---|---|---|---|---|---|
| | Starting balance | Share of profits (losses) of companies accounted for using the equity method (*) | Dividends received | Other movements (**) | Final balance |
| Kabi Solar PTY Ltd. | - | - | - | - | - |
| Ataca Solar Holdco, SpA | 445,967 | (20,245) | - | - | 425,722 |
| Ecuador Solar Holdco, S.L. | 896,347 | (147,511) | - | (439,678) | 309,158 |
| Pampul Holdco, S.L. | 826,658 | 37,399 | (132,548) | 106,168 | 837,677 |
| Solargés Perú, S.L. | 3,491 | - | - | (146) | 3,345 |
| Gestión Solar Perú, S.A.C. | 94,452 | 319,524 | - | 1,887 | 415,863 |
| | **2,266,915** | **189,167** | **(132,548)** | **(331,769)** | **1,991,765** |

(*) There are consolidation adjustments that cause the share of profits (losses) of companies accounted for using the equity method not to correspond to the application of the % of ownership to the profit or loss for the year of these investments.

(**) The amount included in the "Other movements" column records the translation differences associated with these investments. Additionally, in the case of Ecuador Solar Holdco, S.L., the return of funds that took place during the year to the Parent Company was recorded.

**2018**

| | Euros | | | | | |
|---|---|---|---|---|---|---|
| | Starting balance | Share of profits (losses) of companies accounted for using the equity method (*) | Dividends received | Inclusions in the scope of consolidation (Note 8)(**) | Other movements (***) | Final balance |
| Solarpack Promo2007 Ciento Veintiuno, S.L. (Note 2.8) | - | 332,979 | (332,979) | - | - | - |
| Kabi Solar PTY Ltd. | - | - | - | - | - | - |
| Ataca Solar Holdco, SpA | 577,636 | (131,669) | - | - | - | 445,967 |
| Ecuador Solar Holdco, S.L. | - | (30,857) | - | 901,654 | 25,550 | 896,347 |
| Pampul Holdco, S.L. | 848,931 | 114,680 | (136,953) | - | - | 826,658 |
| Solargés Perú, S.L. | - | - | - | 1,503 | 1,988 | 3,491 |
| Gestión Solar Perú, S.A.C. | - | 76,291 | (293,474) | 51,987 | 259,648 | 94,452 |
| | **1,426,567** | **361,424** | **(763,406)** | **955,144** | **287,186** | **2,266,915** |

(*) There are consolidation adjustments that cause the share of profits (losses) of companies accounted for using the equity method not to correspond to the application of the % of ownership to the profit or loss for the year of these investments.

(**) Reclassification made on 1 January 2018; at 31 December 2017 this ownership interest was recognised under "Non-current investments in group companies and associates – Non-current equity instruments in group companies and associates".

(***) The amount included in the "Other Movements" column was recognised with a credit to reserves, and was generated because of the cited companies integration in the scope of consolidation, on 1 January 2018, which was performed including the accumulated reserves of the Group not recognised in prior years since they were not included in such scope (see Note 2.8).

The main figures of these companies associated with the Group are as follows:

**2019**

| | % effective shareholding | Euros | | | |
|---|---|---|---|---|---|
| | | Capital | Reserves | Profit or loss for the year | Other |
| Kabi Solar PTY Ltd. | 60% (*) | 1,128,092 | (2,024,785) | (308,618) | - |
| Ataca Solar Holdco, SpA | 19% | 6,538,606 | (5,694,730) | (122,473) | - |
| Ecuador Solar Holdco, S.L. | 50% | 3,562 | 809,828 | (262,708) | - |
| Pampul Holdco, S.L. | 19% | 3,082,135 | 71,715 | 1,227,018 | - |
| Solargés Perú, S.L. | 50% | 3,006 | (3,006) | - | - |
| Gestión Solar Perú, S.A.C. | 50% | 8,915 | 179,556 | 643,556 | - |

(*) Per the agreement entered into by the shareholders, this company is deemed to be a joint venture (see Note 25).

**2018**

| | % effective shareholding | Euros | | | |
|---|---|---|---|---|---|
| | | Capital | Reserves | Profit or loss for the year | Other |
| Kabi Solar PTY Ltd. | 60% (*) | 1,081,303 | (1,629,909) | (257,161) | - |
| Ataca Solar Holdco, SpA | 19% | 6,415,258 | (3,302,942) | (765,123) | - |
| Ecuador Solar Holdco, S.L. | 50% | 4,000 | 1,799,308 | (10,614) | - |
| Pampul Holdco, S.L. | 19% | 3,483,808 | 218,211 | 648,813 | - |
| Solargés Perú, S.L. | 50% | 3,006 | (2,975) | (31) | - |
| Gestión Solar Perú, S.A.C. | 50% | 8,744 | 1,544 | 174,122 | - |

(*) Per the agreement entered into by the shareholders, this company is deemed to be a joint venture (see Note 25).

Other aggregates of these companies are detailed in Annex III.

### *7.2 Loans to companies accounted for using the equity method*

The Group also granted a loan to Ataca Solar HoldCo, Spa for 2,090 thousand euros (2,093 thousand euros at 31 December 2018) with a maturity of 12 months, which can be tacitly extended if neither party indicates otherwise and which bears an interest rate of LIBOR12M + 3%. According to the contract, this loan is due in the short term. However, the directors consider that they will not recover it in the short term, although they have no doubts about its long-term recovery. Based on the expected cash flows in this company, 1,995 thousand euros were recorded in the long term and 95 thousand euros in the short term at 31 December 2019 (1,966 thousand euros and 127 thousand euros in the short term at 31 December 2018). There is also outstanding interest associated with this loan for 41 thousand euros (80 thousand euros at 31 December 2018).

In addition, the Group has a short-term loan granted to the company Kabi Solar (PTY) Limited, denominated in South African rands, for 1,109 thousand euros at 31 December 2019 (852 thousand euros at 31 December 2018). There is also outstanding interest associated with this loan for 419 thousand euros at 31 December 2019 (271 thousand euros at 31 December 2018). This loan had an associated impairment of 1,136 thousand euros at 31 December 2019 (786 thousand euros at 31 December 2018). This loan bears an annual interest rate of 8.5%. Since the Group has not incurred legal or constructive obligations or made payments on behalf of this associated company, it has not recognised any liabilities in relation to this ownership interest.

Investments in associated companies at 31 December 2019 in 2018 do not include goodwill. Neither are there contingent liabilities related to these investments in associated companies.

## 8. Non-current and current financial assets

The detail, by nature and category for measurement purposes, of the Group's financial assets at 31 December 2019 and 2018 is as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | |
| | At amortised cost | Total |
| Non-current equity instruments | 7,070 | 7,070 |
| Long-term loans to Group companies and associates (Note 24.2) | 1,995,773 | 1,995,773 |
| Long-term loans to third parties | 82,518 | 82,518 |
| Other non-current financial assets | 310,794 | 310,794 |
| **Total non-current financial assets** | **2,396,155** | **2,396,155** |
| Short-term loans to Group companies and associates (Note 24.2) | 571,076 | 571,076 |
| Loans to third parties | 73,696 | 73,696 |
| Other current financial assets | 8,591,271 | 8,591,271 |
| **Total current financial assets** | **9,236,043** | **9,236,043** |
| **Total** | **11,632,198** | **11,632,198** |

| | Euros | | | |
|---|---|---|---|---|
| | 31 December 2018 | | | |
| | Fair value with changes in other comprehensive income | Fair value with changes in income | At amortised cost | Total |
| Non-current equity instruments | 4,720,088 | - | - | 4,720,088 |
| Long-term loans to Group companies and associates (Note 24.2) | - | - | 1,966,266 | 1,966,266 |
| Long-term loans to third parties | - | - | 82,518 | 82,518 |
| Derivatives (Note 15) | - | 371,886 | - | 371,886 |
| Other non-current financial assets | - | - | 302,916 | 302,916 |
| **Total non-current financial assets** | **4,720,088** | **371,886** | **2,351,700** | **7,443,674** |
| Short-term loans to Group companies and associates (Note 24.2) | - | - | 544,017 | 544,017 |
| Loans to third parties | - | - | 70,501 | 70,501 |
| Derivatives | - | - | - | - |
| Other current financial assets | - | - | 9,461,665 | 9,461,665 |
| **Total current financial assets** | **-** | **-** | **10,076,183** | **10,076,183** |
| **Total** | **4,720,088** | **371,886** | **12,427,883** | **17,519,857** |

**Assets at fair value with changes in other comprehensive income**

Under this heading, the Group recognises the ownership interests in the companies Tacna Solar, S.A.C. and Panamericana Solar, S.A.C., of 9.5% of the share capital in each of them, which together amount to 4,720 thousand euros (Note 2.8). During 2019 these companies became part of the Group, having acquired 91.5% of their share capital (Note 2.8).

**Assets carried at amortised cost**

The breakdown of the assets recorded at amortised cost at 31 December 2019 and 2018 is as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Long-term deposits | 310,794 | 302,916 |
| Long-term loans to third parties | 82,518 | 82,518 |
| Loans to related parties (Notes 7.2 and 24.2) | 2,566,849 | 2,510,283 |
| Short-term loans to third parties | 73,696 | 70,501 |
| Short-term deposits | 3,637,084 | 4,240,090 |
| Current account with economic interest groupings (*) | 4,478,321 | 4,554,159 |
| Other current financial assets | 482,936 | 667,416 |
| **Total** | **11,632,198** | **12,427,883** |

(*) "Other current financial assets" basically includes a current account with economic interest groupings, which pool the cash of the companies of certain solar farms that the Group has in Spain.

The Group records as "Long-term loans to third parties" the loans granted to the non-related company Solarpack Promo 2007-118, S.A., as well as the outstanding interest on them.

At 31 December 2019, the Group had various term deposits in financial institutions for 2,691 thousand euros (3,305 thousand euros at 31 December 2018), with restrictions as to their drawability based on the terms and conditions of the loans arranged to finance the solar PV plants (Note 14). The short-term deposits earn interest at an average rate of 1.04%.

Both the term deposits and the loans earn interest at market rates in the country and currency of the financial asset.

**Fair value with changes in income**

At 31 December 2018, long-term derivatives amounting to 372 thousand euros were recognised in this category in relation to forward-starting IRSs arranged in November 2016 for the purpose of mitigating the effects of fluctuations in the 180-day Libor rate, which is used to establish the borrowing costs of loans entered into with banks to finance the construction of the solar plants recognised under the "Property, Plant and Equipment" of the subsidiaries Calama Solar 1, S.A., Calama Solar 2, S.A. and Pozo Almonte Solar 1, S.A. These agreements are measured at fair value through profit or loss. The interest is borne on a six-monthly basis, when the Group is obliged to receive a floating interest rate (180-day Libor) and pay according to a fixed rate that ranges from 2.5441% to 2.5675%. The notional principal amounts of these agreements total 21,584 thousand dollars maturing in October 2032.

At 31 December 2019, the aforementioned derivative was recognised under "Non-current payables - Derivatives" for the amount of 803 thousand euros (Note 15). The change in the aforementioned derivative to 31 December 2019 gave rise to a gain of 72 thousand euros recognised under "Changes in fair value of financial instruments" and a change of 1,103 thousand euros recorded under "Hedging transactions" in the Group's Equity due to the fact that during this year they were considered hedging derivatives.

| Euros | 31/12/2018 | Change in fair value with effect on the income statement | Change in fair value with effect on equity | Acquisition/ Liquidation | 31.12.2019 |
|---|---|---|---|---|---|
| LIBOR interest rate swap contract | 371,886 | - | - | (371,886) | - |
| **Total Derivatives-Assets** | **371,886** | **-** | **-** | **(371,886)** | **-** |
| Foreign currency term agreements | - | (196,545) | - | 302,169 | 105,624 |
| LIBOR interest rate swap contract | - | - | (4,862,587) | (371,886) | 4,490,701 |
| EURIBOR interest rate swap contract | 4,353,208 | (458,219) | 702,332 | (200,651) | 4,396,670 |
| **Total Derivatives-Liabilities (Note 15)** | **4,353,208** | **(654,763)** | **5,564,919** | **(270,368)** | **8,992,996** |

## 9. Trade and other receivables

The breakdown of this heading of the consolidated balance sheets at 31 December 2019 and 2018 is as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Customers | 45,309,785 | 11,560,098 |
| Related party customers (Note 24.1) | 518,216 | 329,303 |
| Other receivables | 113,618 | 343,218 |
| Public Authorities (Note 17) | 30,115,931 | 1,520,856 |
| **Total** | **76,057,550** | **13,753,475** |

The balances of trade and other receivables do not differ from their fair values based on their discounted cash flows at market rates. The customer account includes an amount of 7,501 thousand euros corresponding to "Amounts to be billed for work performed" (Note 3.10), which was generated according to the stage of completion. At 31 December 2019, 76% and 30% of the budgeted costs of each of the ongoing projects in Spain had been incurred, of which 23,270 thousand euros had been billed to date, with the difference being the aforementioned amount yet to be billed, which will be billed according to the milestones established in the agreement; and having recognised the amount of 30,771 thousand euros as revenue for these projects.

The "Customers" heading includes those balances for the sale of products (power supply), as well as billing for works and services performed for customers for work carried out or services provided which were outstanding receivables at the end of the period or year.

At 31 December 2019 and 2018, there were no trade accounts receivable discounted or anticipated.

There is a high concentration of credit risk with respect to trade receivables since the Group sells most of the energy from each of its operating solar plants to a reduced number of customers (Notes 4 and 5).

The subsidiaries of solar plants located in India had signed power supply agreements with two customers for the planned energy production. The effective payment term of these customers exceeds the contractual term, which is why it is longer than the average of the rest of the Group's customers, which meant that the amount of the book balance of Indian customers came to 9,158 thousand euros (6,579 thousand euros at 31 December 2018). The company permanently monitors and analyses changes in all the trade receivables. After analysing this situation, the Directors consider that the credit risk is not significant, and that this risk is also mitigated because they are customers of companies of recognised creditworthiness such as the Indian state electricity companies with a high rating.

In the case of accounts receivable from solar plants located in Chile, where the amount at 31 December 2019 was 1,250 thousand euros (901 thousand euros in 2018), outstanding invoices have an enforceable right, besides which, in case of non-payment, the electricity system regulations in said country establish serious consequences for the defaulting debtor.

Additionally, there are accounts receivable in Spain and Peru derived from the sale of energy for the amount of 1,811 euros and 1,215 thousand euros, respectively.

As a result, the company permanently monitors and analyses changes in all the trade receivables. After analysing this situation, the Directors consider that the credit risk is not significant, and that this risk is also mitigated because they are customers of companies of recognised creditworthiness such as the Indian state electricity companies with a high rating, or because of the aforementioned payment default mechanism of the electricity system in Chile.

At 31 December 2019, the Group had provisioned the amount of 271 thousand euros (89 thousand euros at 31 December 2018) as impairment corresponding to these accounts' receivable in accordance with the criteria indicated in note 2.1.

The maximum exposure to credit risk at the reporting date is the book value of each of the accounts receivable itemised above.

The carrying amounts of customer accounts are denominated in the following currencies (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Euros | 31,214,598 | 2,191,022 |
| US dollars | 2,684,006 | 1,022,563 |
| Chilean pesos | 1,761,642 | 901,202 |
| Indian rupees | 9,357,955 | 6,579,114 |
| Colombian pesos | 122,190 | 866,197 |
| Others | 169,395 | - |
| **Total** | **45,309,785** | **11,560,098** |

## 10. Inventories

The breakdown of this heading of the consolidated balance sheets at 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Work in progress | 8,234,160 | 3,541,981 |
| Advances to suppliers | 1,732,636 | 137,960 |
| **Final balance** | **9,966,796** | **3,679,941** |

At 31 December 2019, the Group recorded the cost of construction of the solar PV power plants that the Group has built in Chile for subsequent sale to a third party under the heading "Work in progress" (Note 2.5). It also recorded the advances granted to suppliers in Peru for the Repowering to be carried out in the plants in Peru.

The stock movements of solar plants during 2019 and 2018 are broken down as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| **Starting balance** | **3,541,981** | **117,958,115** |
| Changes in inventories of finished goods | 4,815,526 | 2,318,985 |
| Change in stock of merchandise | (164,039) | 2,490,897 |
| Transfers to property, plant and equipment (Note 6) | - | (114,618,894) |
| Transfers to intangible assets (Note 6) | - | (4,356,879) |
| Translation differences | 40,692 | (355,664) |
| Other | - | 105,421 |
| **Final balance** | **8,234,160** | **3,541,981** |

Provisions are recorded under the Consumption of raw materials and secondary materials heading in the consolidated income statement. The detail of the heading is as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Purchases of raw materials and other supplies | 35,699,168 | 6,712,800 |
| Change in stock of merchandise | 164,039 | (2,490,897) |
| **Total** | **35,863,207** | **4,221,903** |

The Group has taken out insurance policies to cover the risks of its inventories and considers that such coverage is sufficient.

Stocks of work in progress and finished products have not suffered any impairment, so it has not been necessary to provide provisions for obsolescence.

## 11. Cash and cash equivalents

The breakdown of this heading of the consolidated balance sheets at 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Cash in hand and at banks | 29,799,547 | 89,292,617 |
| Short-term highly liquid investments | 4,953,396 | 4,986,986 |
| **Total** | **34,752,943** | **94,279,603** |

At 31 December 2019 and 2018, the Group had short-term deposits with credit institutions with a maturity of less than three months, amounting to 4,953 and 4,987 thousand euros, respectively.

At 31 December 2019 and 2018, there are certain restrictions on the availability of cash (Note 4.1).

The carrying amounts of cash and other cash equivalents of the Group companies are denominated in the following currencies:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Euros | 3,985,521 | 83,136,999 |
| US dollars | 21,255,321 | 1,433,993 |
| Rupees | 8,054,227 | 8,268,193 |
| Others | 1,457,874 | 1,440,418 |
| **Total** | **34,752,943** | **94,279,603** |

At 31 December 2018, the Group had provisioned the amount of 94 thousand euros as impairment for cash and cash equivalents in accordance with the criteria indicated in note 2.1.

## 12. Consolidated equity and shareholders' equity

### *12.1 Share capital and share premium*

**Subscribed capital**

The share capital of Solarpack Corporación Tecnológica, S.A. is wholly subscribed and paid up at 31 December 2019 and 2018, and is represented by 33,253,012 shares, all with equal rights, of EUR 0.40 par value each. At 31 December 2019 and 2018, the company that directly owned more than 10% of the share capital of Solarpack Corporación Tecnológica, S.A. was Beraunberri, S.L. with a holding of 48.75%.

The IPO of Solarpack Corporación Tecnológica, S.A. took place on 5 December 2018, prior to which on 4 December the share capital was increased by creating 12,048,193 new shares, of the same class and series as previous shares outstanding, at a par value of 0.40 euros. This transaction placed the share capital at 12,819,277 euros, consisting of 32,048,193 shares each with a par value of 0.40 euros. Likewise, said capital increase was produced with a share premium of 7.90 euros for each new share, with the share premium amounting to 95,180,725 euros. All shares are fully paid up.

On 20 December 2018, the capital increase was registered in the companies register as a result of the over-allotment or greenshoe option of the coordinating banks of the IPO of the Parent Company. This transaction consisted of an increase in share capital through the creation of 1,204,819 new shares, of the same class and series as the previous ones in circulation, each with a par value of 0.40 euros. Consequently, after this increase, the share capital was fixed at 13,301,205 euros divided into 33,253,012 shares at 0.40 euros per share. Likewise, said capital increase was produced with a share premium of 7.90 euros for each new share, with said increase amounting to 9,518,070 euros and situating the share premium at 109,586,031 euros. All shares are fully paid up.

In relation to these capital increases, the Company recorded the incremental expenses associated with them (7,172 thousand euros) charged to reserves, net of its tax effect, for 5,450 thousand euros.

During the year, the Parent Company did not receive any grants or donations from its shareholders.

**Share premium**

This reserve is available for free distribution.

### *12.2 Reserves*

The breakdown of "Reserves" at 31 December 2019 and 2018, in euros, is as follows:

| | Euros | |
|---|---|---|
| | 31.12.2019 | 31.12.2018 |
| Legal reserve | 80,000 | 80,000 |
| Voluntary reserves: | | |
| Other reserves of the Parent Company | 22,592,343 | 18,787,843 |
| Consolidated reserves | 14,314,332 | 9,110,004 |
| **Total Reserves** | **36,986,675** | **27,977,847** |

**Legal reserve**

According to the Capital Companies Law, the joint-stock company must allocate a figure of 10% of the year's profit to the legal reserve until it at least reaches 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Except for the above-mentioned purpose, and provided it does not exceed 20% of the share capital, the legal reserve can only be used to offset losses, provided there are no other reserves available for this purpose.

Due to the capital increase described in the above section, this reserve was not fully created at 31 December 2019.

**Other reserves of the Parent Company**

Corresponds to voluntary reserves, which are freely available.

### *12.3 Dividends paid by the Group during the year*

During 2019, no dividends were distributed, however, during 2018, dividends were distributed for the amount of 168 thousand euros.

### *12.4 Translation differences*

The breakdown of translation differences by country at 31 December 2019 and 2018 is as follows:

| | Local currency | 31 December 2019 | 31 December 2018 |
|---|---|---|---|
| India | Rupees | (1,663,401) | (1,546,528) |
| Chile | Chilean peso | (385,729) | (1,752,036) |
| Chile | US dollars | (4,151,139) | (634,874) |
| Spain | US dollars | 10,702 | 167,573 |
| Singapore | US dollars | (111,066) | (130,287) |
| Peru | US dollars | 359,887 | - |
| Others | (*) | (135,853) | (137,448) |
| **Total** | | **(6,076,599)** | **(4,033,600)** |

(*) Mainly includes US dollars

### *12.5 Equity attributable to non-controlling interests*

Changes in this heading of the consolidated balance sheet during 2019 and 2018 were as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| **Starting balance** | **4,854,561** | **4,020,259** |
| Net Income / (Expense) recognised directly in Equity | | |
| Profit / (Loss) for the period | 89,311 | 544,331 |
| Adjustments for change in value (Note 15) | (193,236) | |
| Foreign currency translation differences | (369,264) | 171,273 |
| | **4,381,372** | **4,735,863** |
| Dividend paid to non-controlling interests | - | - |
| Changes in the scope of consolidation (Note 2.8) | - | 146,576 |
| Other movements * | - | (27,878) |
| **Final balance** | **4,381,372** | **4,854,561** |

* The other movements in 2018 relate, mainly, to the contributions made by the non-controlling interests based on their percentages of ownership (Note 1)

The breakdown of the ownership interest of the main Minority Shareholders at 31 December 2019 and 2018 is (in euros):

**2019**

| Company Name | Company Activity | Euros | | |
|---|---|---|---|---|
| | | 31.12.2019 | | |
| | | % of ownership | Profit or loss for the year | Accumulated reserves |
| PMGD Holdco, S.L. | Design, Development and Construction of solar PV plant facilities | 20% | 174 | 1,112,194 |
| PMGD Holdco Chile, S.L. | Operation of PV farms | 20% | 2,457 | 933,727 |
| Padmajiwadi Solar Pte, Ltd | Operation of PV farms | 17.36% | 16,743 | 284,666 |
| Gummadidala Solar Pte, Ltd | Operation of PV farms | 17.36% | 71,342 | 431,709 |
| Thukkapur Solar Pte, Ltd | Operation of PV farms | 17.34% | (2,143) | 407,290 |
| Renjal Solar Pte, Ltd | Operation of PV farms | 17.38% | (24,209) | 413,734 |
| Ghanpur Solar Pte, Ltd | Operation of PV farms | 17.34% | (12,253) | 391,188 |
| Achampet Solar Pte, Ltd | Operation of PV farms | 17.36% | 9,333 | 379,893 |
| Spk Services Singapore Pte Ltd | Operation of PV farms | 5% | (963) | 5,056 |
| Calama Solar 1, S.A. | Operation of PV farms | 20% | 4,894 | (137,806) |
| Calama Solar 2, S.A. | Operation of PV farms | 20% | 2,544 | (175,351) |
| Pozo Almonte Solar 1, S.A. | Operation of PV farms | 20% | 16,044 | 120,739 |
| Solarpack Promo2007 Cientoveintiuno, S.L. | Operation of PV farms | 3.50% | 5,349 | 125,021 |
| **Total** | | | **89,311** | **4,292,061** |

**2018**

| Company Name | Company Activity | Euros | | |
|---|---|---|---|---|
| | | 31.12.2018 | | |
| | | % of ownership | Profit or loss for the year | Accumulated reserves |
| PMGD Holdco, S.L. | Design, Development and Construction of solar PV plant facilities | 20% | (201) | 1,153,552 |
| PMGD Holdco Chile, S.L. | Operation of PV farms | 20% | 4,113 | 1,000,577 |
| Padmajiwadi Solar Pte, Ltd | Operation of PV farms | 17.36% | 51,387 | 256,388 |
| Gummadidala Solar Pte, Ltd | Operation of PV farms | 17.36% | 25,660 | 444,426 |
| Thukkapur Solar Pte, Ltd | Operation of PV farms | 17.34% | 74,018 | 363,854 |
| Renjal Solar Pte, Ltd | Operation of PV farms | 17.38% | 74,025 | 373,209 |
| Ghanpur Solar Pte, Ltd | Operation of PV farms | 17.34% | 88,478 | 332,903 |
| Achampet Solar Pte, Ltd | Operation of PV farms | 17.36% | 177,253 | 244,277 |
| Spk Services Singapore Pte Ltd | Operation of PV farms | 5% | 35,966 | (24,561) |
| Calama Solar 1, S.A. | Operation of PV farms | 20% | 17,579 | (64,507) |
| Calama Solar 2, S.A. | Operation of PV farms | 20% | 23,778 | (103,303) |
| Pozo Almonte Solar 1, S.A. | Operation of PV farms | 20% | (27,725) | 186,839 |
| Solarpack Promo2007 Cientoveintiuno, S.L. | Operation of PV farms | 3.50% | - | 146,576 |
| **Total** | | | **544,331** | **4,310,230** |

The financial information of companies with non-controlling interest at 31 December 2019 and 2018 is included in Annex II accompanying this report.

## 13. Provisions

**Provisions for dismantling and restoration work**

An obligation arises to incur dismantling and restoration costs when a change caused by development or production in the course of business occurs. The costs are estimated based on a formal closure plan and are subject to a formal review.

Certain subsidiaries whose plants are recognised under Property, plant and equipment (Note 6), are obliged to incur future dismantling costs when removing their facilities from their original site at the end of the concession agreement. As a general rule, when the construction period of these plants ends, the Group records a provision for the present value of the discounted future cash flows. Specific changes in measured dismantling liabilities will entail a modification to the cost of the corresponding asset; the asset's adjustable depreciable amount will subsequently be depreciated on a prospective basis throughout the remainder of its useful life.

**Provisions for warranties**

There are group companies with commitments to guarantee and cover any inconsistency that may arise from the delivery of materials, supplies and spare parts, and provisions for penalties due to delays in the connection of certain solar power plants. At 31 December 2019 and 2018, the Group had provisions for these items based on the best possible estimate.

At 31 December 2019 and 2018, there were no significant provisions or contingent liabilities that were not recorded or broken down in these consolidated annual accounts and their corresponding explanatory notes.

Changes in this heading during 2019 and 2018 were as follows (in euros):

| | Euros |
|---|---|
| | Sum |
| **At 1 January 2018** | **656,749** |
| Allocation | 97,219 |
| Reversions | (102,536) |
| Changes in the scope of consolidation (Note 2.8) | 1,332,883 |
| Applications | (121,512) |
| **At 31 December 2018** | **1,862,803** |
| Allocation | 2,686,080 |
| Reversions | (249,557) |
| Changes in the scope of consolidation (Note 2.8) | 1,722,596 |
| Applications | - |
| **At 31 December 2019** | **6,021,922** |
| **2019** | |
| Non-current provisions | 5,882,002 |
| Short-term provisions | 139,920 |
| **2018** | |
| Non-current provisions | 1,682,263 |
| Short-term provisions | 180,540 |

(*) Mainly relating to foreign currency exchange rate fluctuations

The long-term provisions at 31 December 2019 relate mainly to the provision covering the costs of dismantling certain plants recognised under "Property, plant and equipment", totalling 5,882 thousand euros (1,682 thousand euros at 31 December 2018), since they must be removed from their current site at the end of the term of the concession agreement on the land on which they are located and, in one case, in compliance with local environmental legislation. The remainder of the amount under this heading relates mainly to provisions for warranties of the same nature as those recognised under short-term provisions.

Short-term provisions at 31 December 2019 and 2018 relate to provisions to guarantee and cover any inconsistency that may arise from the delivery of materials, supplies and spare parts, and provisions for penalties due to delays in the connection of certain solar power plants.

**Court proceedings and/or claims in process**

During 2019, pending lawsuits at 31 December 2018, ended with no consequences. At 31 December 2019 no legal proceedings for significant amounts were in progress. Both the Group's legal advisers and the directors of the Parent Company consider that the conclusion of these proceedings and claims will not have an additional material effect on the consolidated financial statements and the explanatory notes thereto for the year ended on 31 December 2019, so it is not considered necessary to recognise any provision in respect of this matter.

## 14. Financial debt

The breakdown of this heading of the consolidated balance sheets at 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| **Non-current** | | |
| Bank borrowings associated with solar PV plants | 321,994,727 | 121,744,927 |
| Derivatives | 8,887,371 | 4,353,208 |
| Subordinated debt with non-controlling interests related to solar PV plants | 3,509,794 | 2,984,661 |
| Other financial liabilities | 23,191,731 | 14,538,537 |
| | **357,583,623** | **143,621,333** |
| **Current** | | |
| Bank borrowings | 42,237,778 | 3,502 |
| Bank borrowings associated with solar PV plants | 38,053,010 | 11,370,217 |
| Subordinated debt with non-controlling interests related to solar PV plants | 693,058 | 1,161,302 |
| Derivatives | 105,624 | - |
| Other financial liabilities | 6,367,622 | 3,544,969 |
| | **87,457,092** | **16,079,990** |
| **Total** | **445,040,715** | **159,701,323** |

At 31 December 2019 and 2018 the balance of "Bank borrowings associated with solar PV plants" in the short and long term, includes mainly the total outstanding amount payable at the end of the reporting period of the bank loans related to the financing of the solar PV plants under "Property, plant and equipment" (Note 6). Set out below are the terms and conditions, as well as the obligations attached to the main loans comprising this heading:

- The amount of 31,968 thousand euros at 31 December 2019 (34,502 thousand euros at 31 December 2018), corresponds to the loans granted to investment companies that operate plants in Spain, in order to finance them. These were refinanced in 2015, extending the repayment schedule, with final maturities between 2027 and 2030. The change in these terms and conditions was not considered to substantially differ from the criteria under IAS 39. The accounting treatment adopted by IFRS 9 for this type of restructuring differs to that of IAS 39, as it requires adjusting the amount on the debt balance to the sum of the modified flows discounted at the original effective interest rate, maintaining said rate for subsequent financial periods after the restructuring. Regarding this refinancing, IFRS 9 had no impact at 1 January 2018. This financing bears an interest rate of 1.75% plus a floating interest rate tied to Euribor. These agreements are subject to ratio fulfilment clauses. Said compliance must be achieved taking into account the consolidated figures of the Economic Interest Groupings (E.I.G.) with which certain Group companies have a contractual ownership agreement. The financial ratio to be achieved is understood as the "Annual Debt Service Coverage Ratio (ADSCR)" at 31 December each year, based on dividing the "Cash flow Generated" and the "Debt Service".

- The amount of 14,236 thousand euros (14,606 thousand euros at 31 December 2018) corresponds to the loan granted to the company Solarpack Promo2007 Cientoveintiuno, S.L . That loan matures in 2032 and will bear an interest rate of Euribor + 1.75%. These agreements have certain guarantees related to the properties of the companies and require the fulfilment of certain obligations.

- The amount of 25,533 thousand euros at 31 December 2019 (26,393 thousand euros at 31 December 2018), corresponds to the outstanding payable amount of the loans granted to finance the Chilean plants of Calama Solar 1, Calama Solar 2 and Pozo Almonte Solar 1, with final maturity in 2032. This financing bears interest tied to the 180-day Libor rate plus a market spread (4.75%). These agreements are subject to certain affirmative and negative obligations. The former refer to establishing and maintaining adequate accounting systems, maintaining the necessary ownership and permits, complying with applicable laws at all times, providing both their own financial statements and those of the direct shareholder, as well as other financial information, submitting them to audit and maintaining a minimum legal working capital, among other requirements. Furthermore, there are also restrictions on the indebtedness permitted, sale of assets, granting of loans and/or incurring additional debt, among others.

- The amount of 53,641 thousand euros at 31 December 2019 (57,320 thousand euros at 31 December 2018), corresponds to the outstanding payable amount of the loans granted to finance the plants located in the state of Telangana in India, with final maturity in 2033. This loan bears a fixed interest rate of 10.10% (10.80% effective interest rate). These agreements have certain guarantees related to the properties of the companies and require the fulfilment of certain obligations.

- The amount of 46,359 thousand euros at 31 December 2019 corresponds to the outstanding payable amount of the loans granted to finance the plants of Monclova, Peñaflor and Pedroso located in Spain, with final maturity in 2039. This financing bears a floating interest rate tied to Euribor. These agreements have certain guarantees related to the properties of the companies and require the fulfilment of certain obligations.

- The amount of 69,067 thousand euros at 31 December 2019 corresponds to the outstanding payable amount of the loans granted to finance the plant of Maria Elena Solar S.A. located in Chile, with final maturity in 2038. This financing bears a floating interest rate tied to the dollar. These agreements have certain guarantees related to the properties of the companies and require the fulfilment of certain obligations.

- The amount of 109,345 thousand euros at 31 December 2019 corresponds to the outstanding payable amount of the loans granted to finance the plants located in Peru, with final maturity in 2030. This loan bears a fixed interest rate of 4.28% (5% effective interest rate). These agreements have certain guarantees related to the properties of the companies and require the fulfilment of certain obligations.

- The amount of 9,900 thousand euros at 31 December 2019 corresponds to the outstanding payable amount of the loans granted to finance the plants located in the state of Karnataka in India, with final maturity in 2033. This financing bears a fixed interest rate of 11.25%. These agreements have certain guarantees related to the properties of the companies and require the fulfilment of certain obligations.

At 31 December 2019, of the aforementioned amounts in the preceding paragraphs, a total of 360,049 thousand euros corresponds to non-recourse debt with financial institutions (132,821 thousand euros at 31 December 2018).

At 31 December 2019 and 2018, the Group was complying with the contractual terms and conditions of the loans and credit facilities indicated in this section.

The local currency of the carrying amount of long-term and short-term bank borrowings, associated with solar PV farms or not, is as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Euros | 94,463,480 | 49,112,006 |
| US dollars | 240,841,422 | 26,393,344 |
| Indian rupees | 66,980,613 | 57,613,296 |
| **Total** | **402,285,515** | **133,118,646** |

The exposure of the Group's bank borrowings to fluctuations in interest rates is as follows:

| | Euros | | |
|---|---|---|---|
| | Balance | Within one year | More than one year |
| **At 31 December 2019** | | | |
| Bank borrowings tied to a floating interest rate | 232,577,433 | 52,767,778 | 179,809,655 |
| **At 31 December 2018** | | | |
| Bank borrowings tied to a floating interest rate | 75,798,583 | 6,296,343 | 69,502,240 |

The detail of "Subordinated debt with non-controlling interests related to solar PV plants", both current and non-current, is as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Non-controlling interest subordinated debt PMGD project | 1,836,871 | 2,009,008 |
| Convertible debentures Telangana project | 2,365,981 | 2,136,955 |
| **Total** | **4,202,852** | **4,145,963** |

The non-recourse subordinated debt granted by the non-controlling interest of the companies PMGD Holdco and PMGD Holdco Chile bears annual interest at a rate equal to LIBOR plus a spread of 668 points, whose repayment and payment of interest would be subordinated to the obligations entered into with the financing entities of the PMGD project.

The group can draw on financing granted by the non-controlling interests of the companies Achampet Solar Private Limited, Ghanpur Solar Private Limited, Gummadidala Solar Private Limited, Thukkapur Solar Private Limited, Padmajiwadi Solar Private Limited and Renjal Solar Private Limited. This financing was provided through contributions from instruments convertible into shares, named Compulsory Convertible Debentures (CCDs). CCDs are quasi-equity instruments that are convertible into shares at market value, without there being a change in the shareholders' proportion of shares. Until they are converted, they are recognised as debt bearing interest of 16.99% and have a term of 18 years. The Group contributed funds in the form of CCDs proportionate to its ownership interest in the share capital of each company.

The detail of "Other non-current financial liabilities" is as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Axa Clean Energy Fund I loan | 5,249,589 | 4,819,921 |
| Loans for concessions of land (Note 2.2 and 6) | 5,126,804 | 5,248,934 |
| Right-of-use loan (Note 2.2 and 6) | 11,999,386 | - |
| Loan for triennial adjustment tariff Spain (Note 1.2) | 815,952 | - |
| Loan for acquisition of companies (Note 2.8) | - | 4,469,682 |
| **Total** | **23,191,731** | **14,538,537** |

The detail of “Other current financial liabilities” is as follows:

| | 31 December 2019 | 31 December 2018 |
|---|---|---|
| Axa Clean Energy Fund I loan | 391,136 | 383,758 |
| Loans for concessions of land (Note 2.2 and 6) | 381,480 | 381,480 |
| Non-controlling interest debt Telangana project | 355,438 | 533,944 |
| Loan for acquisition of companies 2018 (Note 2.8) | 4,550,890 | 1,699,911 |
| Loan for triennial adjustment tariff Spain (Note 1.2) | 37,089 | - |
| Other | 651,589 | 545,876 |
| **Total** | **6,367,622** | **3,544,969** |

The Axa Clean Energy Fund I loan corresponds to the balance payable derived from an agreement signed between the Company's shareholders, the original shareholders, who held 100% of the share capital, the Parent Company itself, the rest of the shareholders with stakes in the capital of the subsidiaries Ataca Solar Holdco, Spa and Pampul Holdco, SL and the company Axa Clean Energy Fund I (ACE), by which certain agreements and commitments were adopted, including the granting of a put option on their interests in the Parent Company, under which an ACE subsidiary had the right to sell to the Parent Company, which will buy any new shares that were not acquired by the original shareholders in breach of their obligations. The activation of this put would take place in case of breach by the original shareholders of the obligation to repurchase the shares which would arise if certain events controlled by the Parent Company, or extremely rare, highly abnormal and very unlikely financial and/or commercial circumstances were to occur.

In June 2018, the Parent Company initiated actions that were part of the circumstances that triggered said put, and, consequently, the Parent Company recorded a lower share premium and reserves for the amount equivalent to the refund of contributions to the shareholder ACE Renewable Holding USD, S.A., of 26,649 shares at the rate of one euro each, amounting to 6,338 thousand dollars, equivalent to 5,437 thousand euros, and a debt with said shareholder for the aforementioned amount. The amount of said debt was set based on a valuation mechanism previously included in the initial agreement between both parties. On 9 August 2018, the Extraordinary General Meeting of Shareholders of the Parent Company agreed a dividend distribution to ACE Renewable Holding USD, S.A. of 528 thousand dollars, equivalent to 456 thousand euros, which decreased said debt.

Once the distribution of dividends was agreed, on 9 August 2018, the Extraordinary General Meeting of Shareholders of the Parent Company, in application of the mechanisms agreed with the ACE subsidiary described above, agreed to the capital reduction of 26,649 shares at one euro each, through the substantial amortisation of the shares held by ACE Renewable Holding USD, SA and the subsequent subscription of a loan with said shareholder for an amount of 5,880 thousand dollars, equivalent to 5,250 thousand euros at 31 December 2019. At 31 December 2019, other non-current and current financial liabilities were recorded in the consolidated balance sheet for amounts of approximately 5,250 and 391, respectively, including outstanding interest. That loan will be due on 15 March 2023 and will accrue an interest rate of 11%.

The effective interest rates on the balance sheet date were the usual rates in the market (reference rate plus a market spread), with there being no significant difference with respect to other companies of similar size, risk and level of indebtedness. At 31 December 2018, the book value of the financial debt did not differ significantly from its fair value. Such fair value has been calculated considering, among others, factors such as country risk, counterparty credit risk, credit rating etc. In the case of fixed rate debt, said fair value is similar to its book value since the rate applicable to such financing is similar to the market rate.

The contractual maturities of bank borrowings both related and not related to solar PV plants and other financial liabilities at 31 December 2019 in 2018 are as follows (in euros):

| | Euros | | |
|---|---|---|---|
| | Less than 1 year | Between 1 year and 5 years | More than 5 years |
| **At 31 December 2019** | | | |
| Bank borrowings (*) | 78,971,961 | 103,339,645 | 228,842,864 |
| Subordinated debt with non-controlling interests related to solar PV plants | 693,058 | 3,509,794 | - |
| Other financial liabilities | | - | 6,367,621 |
| **At 31 December 2018** | | | |
| Bank borrowings (*) | 11,481,915 | 37,587,931 | 85,849,800 |
| Subordinated debt with non-controlling interests related to solar PV plants | 1.1161.302 | 1,013,300 | 1,971,361 |
| Other financial liabilities | 509,655 | 516,628 | 4,245,710 |

(*) Debt arrangement expenses amounting to 8,868 thousand euros at 31 December 2019 (1,801 thousand euros at 31 December 2018) are excluded.

(**) Debt is classified based on the accounting criterion described in Note 3.17 according to which in 2017 the financial debt originating from subsidiaries that the Group had expected to sell in the short term was recognised under current financial liabilities.

Set forth below is a reconciliation of the carrying amount of liabilities arising from financing activities, including derivatives, disclosing separately the changes that generate cash flows from those that do not:

| Euros | | | **No impact on cash flows** | | | | |
|---|---|---|---|---|---|---|---|
| | **31.12.2018** | **Cash flows** | **Change in fair value** | **Reclassificat ions** | **Integration in the scope of consolidation (Note 2.8)** | **Others (*)** | **31.12.2019** |
| Non-current payables | 143,621,333 | 102,836,346 | 4,910,156 | (11,355,684) | 107,039,594 | 10,531,878 | 357,583,623 |
| Short-term debt | 16,079,990 | 49,488,196 | - | 11,355,684 | 11,232,588 | (699,365) | 87,457,092 |
| **Total liabilities arising from financing activities** | **159,701,323** | **152,324,542** | **4,910,156** | **-** | **118,272,182** | **9,832,513** | **445,040,715** |

(*) Mainly relates to the translation differences of the debt in other currencies.

Finally, at 31 December 2019 and 2018 the Parent Company had recorded the following credit lines in "Bank borrowings" (in euros):

| | Euros | | | |
|---|---|---|---|---|
| | 31 December 2019 | | 31 December 2018 | |
| | Limit | Sum Drawn down | Limit | Sum Drawn down |
| Lines of credit | 27,492,185 | 15,523,123 | 14,350,401 | 296,734 |

The maturity of the aforementioned lines is established in 2020 and subsequent years. The effective interest rate accrued at 31 December 2019 and 2018 varies between 3% and 1.35% plus a fluctuating interest rate tied to Euribor.

Additionally, the Group has 30 million dollars, equivalent to 26,702 thousand euros, which corresponds to the outstanding amount of the loan granted to the company Pantac, in order to partially finance the disbursement of the price of the shares of Tacna Solar and the shares of Panamericana Solar and the payment of the expenses associated with the arrangement of the financing documents (Note 2.8). This financing bears a floating interest rate tied to Libor. This loan has two conditions as the maturity date: either thirteen months from the signing of the loan, or nine months from making available the financing. This agreement has certain guarantees related to the properties of the companies and requires the fulfilment of certain obligations.

## 15. Derivative financial instruments

The detail of the derivative financial instruments at 31 December 2019 and 2018 is as follows (in euros):

| | Euros | | | |
|---|---|---|---|---|
| | Derivatives-Assets (Note 8) | | Derivatives-Liabilities | |
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| Foreign currency term agreements | - | - | 105,624 | - |
| Interest rate swap contracts | - | 371,886 | 8,887,371 | 4,353,208 |
| **Total** | - | **371,886** | **8,992,995** | **4,353,208** |

The movement for the year is as follows:

| | **31/12/2018** | **Change in fair value with effect on the income statement** | **Change in fair value with effect on equity** | **Acquisition/ Liquidation** | **31.12.2019** |
|---|---|---|---|---|---|
| LIBOR interest rate swap contract | 371,886 | **-** | **-** | (371,886) | **-** |
| **Total Derivatives-Assets (Note 9)** | **371,886** | **-** | **-** | **(371,886)** | **-** |
| Foreign currency term agreements | **-** | (196,545) | **-** | 302,169 | 105,624 |
| LIBOR interest rate swap contract | **-** | **-** | (4,862,587) | (371,886) | 4,490,701 |
| EURIBOR interest rate swap contract | 4,353,208 | (458,219) | 702,332 | (200,651) | 4,396,670 |
| **Total Derivatives-Liabilities** | **4,353,208** | **(654,763)** | **5,564,919** | **(270,368)** | **8,992,996** |

The detail of the derivative financial instruments arranged by the Group is as follows:

- Long-term liabilities of 803 thousand euros (372 thousand euros in 2018) in relation to forward-starting IRSs arranged in November 2016 for the purpose of mitigating the effects of fluctuations in the 180-day Libor rate, which is used to establish the borrowing costs of loans entered into with banks to finance the construction of the solar plants recognised under "Property, Plant and Equipment" of the subsidiaries Calama Solar 1, S.A., Calama Solar 2, S.A. and Pozo Almonte Solar 1, S.A. These agreements are measured at fair value with changes in equity. The interest is borne on a six-monthly basis, when the Group is obliged to receive a floating interest rate (180-day Libor) and pay according to a fixed rate that ranges from 2.5441% to 2.5675%. The notional principal amounts of these agreements were 20,709 thousand dollars at 31 December 2019. The agreements expire in October 2032. At 31 December 2018, the aforementioned derivative was recognised under "Assets- Current payables - Derivatives" for the amount of 372 thousand euros (Note 8).

- A liability of 3,688 thousand euros (0 thousand euros in 2018) related to a swap contract that covers an interest rate swap, intended to mitigate the effects of the fluctuation in the Libor 3 M rate, which is used to establish the borrowing costs of loans entered into with banks to finance the construction of the solar plants recognised under "Property, Plant and Equipment" of the subsidiary Maria Elena Solar S.A. These agreements are measured at fair value with changes in equity. The interest is borne on a six-monthly basis, when the Group is obliged to receive a floating interest rate (90-day Libor) and pay according to a fixed rate of 2.603%. The notional principal amounts of these agreements totalled 67,307 thousand dollars at 31 December 2019. The agreements expire in December 2038.

- A liability of 378 thousand euros (0 thousand euros in 2018) related to a swap contract that covers an interest rate swap, intended to mitigate the effects of the fluctuation in the Euribor 6 M rate, which is used to establish the borrowing costs of loans entered into with banks to finance the construction of the solar plants recognised under "Property, Plant and Equipment" of the subsidiaries Pedroso Solar S.L.U., Peñaflor Solar S.L.U. and Solarpack Monclova S.L.U. These agreements are measured at fair value with changes in equity. The interest is borne on a six-monthly basis, when the Group is obliged to receive a floating interest rate (180-day Euribor) and pay according to a fixed rate that ranges from 0.334% to 0.332%. The notional principal amounts of these agreements were 42,744 thousand euros at 31 December 2019. The agreements expire in December 2031.

- A liability of 810 thousand euros (486 thousand euros in 2018) related to a swap contract that covers an interest rate swap, intended to mitigate the effects of the fluctuation in the Euribor 6 M rate, which is used to establish the borrowing costs of loans entered into with banks to finance the construction of the solar plants recognised under "Property, Plant and Equipment" of Guijo. These agreements are measured at fair value with changes in equity. The interest is borne on a six-monthly basis, when the Group is obliged to receive a floating interest rate (180-day Euribor) and pay according to a fixed rate of 1.174%. The notional principal amounts of these agreements totalled 11,646 thousand euros at 31 December 2019. The agreements expire in December 2032.

- A liability of 3,208 thousand euros (3,867 thousand euros in 2018) related to a swap contract that covers an interest rate swap, intended to mitigate the effects of the fluctuation in the Euribor 6 M rate, which is used to establish the borrowing costs of loans entered into with banks to finance the construction of the solar plants recognised under "Property, Plant and Equipment" of SIS España. The notional principal amounts at 31 December 2018 and the contracted fixed rates are as follows:

| | Notional amount in thousands of EUR 31 December 2019 | Fixed rate |
|---|---|---|
| Isla Mayor | 5,869 | 2.61% |
| Lebrija | 4,133 | 2.91% |
| Llerena 1 | 8,941 | 4.54% |
| Llerena 2 | 7,177 | 4.54% |

- A liability of 105 thousand euros related to an exchange rate hedge contract intended to mitigate the effects of the change in the dollar on panel purchases for an ongoing project. The notional amount of these derivatives is 12.5 million dollars and the fixed exchange rate is 1.1267. These agreements are measured at fair value with changes in equity.

## 16. Trade payables and other payables

The breakdown of this heading at 31 December 2019 and 2018 is as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Payable to Suppliers | 43,822,128 | 10,955,128 |
| Other trade payables | 30,610 | 5,777 |
| Remuneration payable | 684,054 | 420,458 |
| Public entities, other (Note 17) | 3,875,314 | 2,477,307 |
| Advances from customers | 6,219,485 | 975,461 |
| **Total** | **54,631,591** | **14,834,131** |

The construction projects in progress that the Group had at 31 December 2019 have led to an increase in the amount to be paid to its suppliers. Likewise, derived from the Group's construction projects, 6,219 thousand euros were recorded corresponding to projects to be carried out in Spain under the heading "Advances from customers".

The fair value of these amounts' payable does not differ from their carrying amount.

**Information on average payment period to suppliers. Second final provision of Law 31/2014 of 3 December**

Detailed below is the information required by the second final provision of Law 31/2014, of 3 December which has been prepared in accordance with the resolution of the Spanish Accounting and Account Auditing Institute of 29 January 2016, on the information to be incorporated in the financial statements report in relation to the average payment period to suppliers in commercial transactions.

| | Year ended 31 December 2019 | Year ended 31 December 2018 |
|---|---|---|
| | **Days** | **Days** |
| Average payment period to suppliers | 44 | 20 |
| Ratio of paid transactions | 47 | 25 |
| Ratio of outstanding payment transactions | 25 | 14 |
| | **Thousands of euros** | **Thousands of euros** |
| Total payments made | 112,271,992 | 4,395,177 |
| Total outstanding payments (*) | 16,747,162 | 3,910,561 |

(*) Total outstanding payments for both years does not include deductions from contractors as a guarantee, the accounts payable for deferred purchases of land, or outstanding invoices at the end of the year. The outstanding balance with a third party with whom the group has ongoing disputes is not included either at 31 December 2019 (Note 16).

For the sole purpose of giving the information provided for in this Resolution, suppliers are considered to be trade payables on debts with suppliers of goods or services, included in the "Trade and other payables - Suppliers" and "Trade and other payables - Other trade payables" items of the current liabilities of the balance sheet of the companies located in Spain.

"Average payment period to suppliers" is understood as the period that starts from the delivery of the goods or the provision of the services by the supplier and the actual payment of the transaction.

## 17. Public Administrations

The compositions of the headings "Trade and other receivables - Other receivables from government bodies" and "Trade and other payables - Other payables to Public Administrations" of assets and liabilities, respectively, of the consolidated balance sheets at 31 December 2019 and 2018 are as follows:

| | Euros | |
|---|---|---|
| | 31.12.2019 | 31.12.2018 |
| **Tax receivables -** | | |
| VAT refundable | 17,413,413 | 1,193,157 |
| Corporation tax withholdings | 12,391,131 | 327,699 |
| Other | 311387 | - |
| | **30,115,931** | **1,520,856** |
| **Tax payables-** | | |
| Tax payables for VAT | 811,566 | 1,060,218 |
| Tax payables for income tax | 1,812,746 | 553,674 |
| Corporation tax payable | 1,006,440 | 779,692 |
| Other tax payables | 53,205 | - |
| Social Security taxes payable | 191,357 | 83,723 |
| | **3,875,314** | **2,477,307** |

## 18. Deferred tax

The breakdown of this heading of the accompanying consolidated balance sheets at 31 December 2019 and 2018 by item and location is as follows (in euros):

### At 31 December 2019

| | Euros | | | |
|---|---|---|---|---|
| | Spain | America | Rest of Europe and others | Total |
| **Deferred tax assets** | | | | |
| Temporary differences | 1,859,089 | 9,224,181 | 118,204 | 11,201,474 |
| Credit for tax losses | 10,302,072 | 16,415,410 | 12,583,707 | 39,301,188 |
| Credits for tax deductions | 7,022,811 | - | - | 7,022,812 |
| *Deferred tax asset against a deferred tax liability (**)* | (10,768,011) | (15,454,288) | (12,510,092) | (38,732,391) |
| | **8,415,962** | **10,185,303** | **191,818** | **18,793,083** |
| **Deferred tax liabilities** | | | | |
| Temporary differences-Depreciation and Amortisation (*) | 11,877,603 | 24,263,519 | 14,308,771 | 50,449,894 |
| Other temporary differences | 123,936 | - | - | 123,936 |
| Deferred liability for assets recognised in the business combination | 3,389,353 | 14,734,645 | - | 18,123,998 |
| *Deferred tax asset against a deferred tax liability (**)* | (10,768,011) | (15,454,288) | (12,510,092) | (38,732,391) |
| | **4,622,881** | **23,543,877** | **1,798,679** | **29,965,437** |
| **Net** | **3,793,080** | **(13,358,574)** | **(1,606,861)** | **(11,172,354)** |

(*) These temporary differences were caused by the accelerated tax depreciation of the plants owned by the Group

(**) Offsetting of deferred tax assets and deferred tax liabilities (Note 3.9)

**At 31 December 2018**

| | Euros | | | |
|---|---|---|---|---|
| | Spain | America | Rest of Europe and others | Total |
| **Deferred tax assets** | | | | |
| Temporary differences | 359,475 | 4,278,566 | 188,921 | 4,826,962 |
| Credit for tax losses | 8,589,798 | 9,098,589 | 7,055,761 | 24,744,148 |
| Credits for tax deductions | 5,521,759 | - | - | 5,521,759 |
| *Deferred tax asset against a deferred tax liability (**)* | (9,309,222) | (8,268,803) | (7,055,762) | (24,633,787) |
| | **5,161,810** | **5,108,352** | **188,920** | **10,459,082** |
| **Deferred tax liabilities** | | | | |
| Temporary differences-Depreciation and Amortisation (*) | 9,075,705 | 8,985,733 | 8,532,589 | 26,594,027 |
| Other temporary differences | 123,936 | 148,441 | - | 272,377 |
| Deferred liability for assets recognised in the business combination | 3,567,470 | - | - | 3,567,470 |
| *Deferred tax asset against a deferred tax liability (**)* | (9,309,222) | (8,268,803) | (7,055,762) | (24,633,787) |
| | **3,457,889** | **865,371** | **1,476,827** | **5,800,087** |
| **Net** | **1,703,921** | **4,242,981** | **(1,287,907)** | **4,658,995** |

(*) These temporary differences were caused by the accelerated tax depreciation of the plants owned by the Group

(**) Offsetting of deferred tax assets and deferred tax liabilities (Note 3.9)

The overall net movement in the deferred tax asset account was as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| **Starting balance** | 10,459,082 | 4,143,075 |
| Integrations in / (exclusions from) the scope of consolidation (Note 2.8) | 4,222 | 2,787,163 |
| (Charge) / credit to the income statement (Note 19) | 6,853,501 | 1,807,737 |
| Transfers and reclassifications | 1,476,278 | 1,721,107 |
| **Final balance** | **18,793,083** | **10,459,082** |

The overall net movement in the deferred tax liability account was as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| **Starting balance** | 5,800,087 | 1,133,038 |
| Integrations in / (exclusions from) the scope of consolidation (Note 2.8) | 21,308,093 | 3,567,470 |
| (Charge) / credit to the income statement (Note 19) | 2,857,257 | 1,045,525 |
| Other movements | - | 54,054 |
| **Final balance** | **29,965,437** | **5,800,087** |

In application of the measurement bases indicated in note 3.9, for presentation purposes certain group companies offset their tax assets and liabilities at 31 December 2019 in 2018.

Several group companies are involved in the construction of solar power plants that the Group has recognised mainly under Property, plant and equipment (Note 6) and in inventories at 31 December 2019 (Note 10), as the case may be. The unrealised gains on these transactions are eliminated, thereby giving rise to a tax effect on these unrealised gains that are mainly recovered in the year in which the sale occurs of the ownership interests of the subsidiaries who own those plants or from their depreciation. In this respect, at 31 December 2019 deferred tax assets were recognised for this item for the amount of 5,107 thousand euros (2,925 thousand euros at 31 December 2018).

Deferred tax assets for tax loss or tax credit carryforwards are recognised to the extent that such losses and tax credits are likely to be realised through the availability of future taxable profits.

The Group did not recognise deferred tax assets amounting to 2,194 thousand euros (805 thousand euros at 31 December 2018). Said non-activated loans relate to losses to be offset based on future years corresponding to subsidiaries for the amount of 9,322 thousand euros (3,007 thousand euros at 31 December 2018), 2,002 thousand euros correspond to Solarpack Development, Inc., (1,796 thousand euros at 31 December 2018) and 3,087 thousand euros to Solarpack India and 2,694 thousand euros to the companies of the Karnataka Project.

The recoverability of the tax asset arising from the tax loss carryforwards and tax credits of the Group at 31 December 2019, amounting to 46,323 thousand euros (30,266 thousand euros at 31 December 2018) is reasonably certain within 20 years.

Tax losses and deductions generated in the tax group have a statute-of-limitations period of 20 years from the year of generation; however, for those generated prior to 1 January 2014 the limitation period will commence from that date.

The Chilean companies through which the Group owns solar power plants recognised tax loss carryforwards at 31 December 2019 for the amount of 11,225 thousand euros (9,099 thousand euros at 31 December 2018), which do not have a limitation period, mainly generated by temporary differences arising from the tax deductibility of certain costs incurred in the construction of the plants. They also gave rise to deferred tax liabilities amounting to 10,501 thousand euros (8,872 thousand euros during 2018).

## 19. Income tax

The parent company files consolidated tax returns and is the parent company of that tax group (Note 12) in the historical territory of Vizcaya, with the subsidiaries listed below:

- Acrux Uno S.L.U.
- Antlia Dos, S.L.U.
- Andromeda Veintiséis, S.L.U.
- Cruz del Sur Cuarentainueve, S.L.U.
- Orión Setentaicuatro, S.L.U.
- Solarpack Promo2007 Treintaitres, S.L.U.
- Solarpack Promo2007 Treintaicinco, S.L.U.
- Solarpack Promo2007 Cincuentaisiete, S.L.U.
- Solarpack Promo2007 Sesentaitres, S.L.U.
- Solarpack Promo2007 Setentaidos, S.L.U.
- Solarpack Promo2007 Ochentaidos, S.L.U.
- Solarpack Monclova, S.L.U.
- Spk. Alvarado, S.L.U.
- Pedroso Solar, S.L.U.

The other Solarpack Group companies file individual tax returns, in accordance with the legislation in force in their respective jurisdictions.

The breakdown of income tax for the years ended 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Current tax (expense / benefit) | 4,317,026 | 1,056,941 |
| Change in net deferred taxes | (3,996,244) | (762,213) |
| **Total tax expense / (benefit) from continuing operations** | **320,782** | **294,728** |

The reconciliation of the consolidated accounting profit/loss with added corporation tax is as follows:

| | Euros | |
|---|---|---|
| | 31.12.2019 | 31.12.2018 |
| **Consolidated profit (loss) before tax** | **12,318,275** | **5,854,017** |
| Increases (decreases) due to permanent differences (***) | (4,008,105) | (1,127,571) |
| Increases (decreases) IPO expenses charged to reserves | - | (7,172,280) |
| - Company dividends accounted for using the equity method (Note 7) | - | (470,319) |
| Group company dividends (consolidation adjustment) (*) | - | (180,425) |
| Other adjustments to profit before tax on consolidation (**) | 14,025,712 | (4,269,617) |
| **Adjusted accounting** | **22,335,882** | **(7,366,195)** |
| Gross tax calculated at the average tax rate | 7,582,706 | (1,622,958) |
| Adjustments to prior years' profit/loss | (57,160) | (31,415) |
| IS expenses to reserves (for IPO expenses to reserves) | - | 1,721,107 |
| Activation of deductions | (1,101,000) | (600,560) |
| Tax expense / (benefit) associated with consolidation adjustments (**) | (6,128,982) | 914,759 |
| **Recognised income tax (expense) / benefit** | **295,564** | **380,933** |
| **Adjustment of tax rates** | **25,218** | **(86,205)** |
| **Income tax on earnings from continuing operations** | **320,782** | **294,728** |

(*) In 2018 the dividend distributed by Spanish companies was adjusted.
(**) Mainly corresponding to the consolidation adjustments in relation to the net value of the solar PV plants registered as in Inventories and in Property, plant and equipment.
(***) Mainly corresponding to the capital gain from the sale of shares.

The theoretical tax rates vary according to the various locations, with the main rates being as follows:

| | Nominal rate | |
|---|---|---|
| | 2019 | 2018 |
| Vizcaya | 24% | 26% |
| Rest of Spain | 25% | 25% |
| Chile | 27% | 27% |
| Peru | 28% / 30% | 28% / 30% |
| India | 26% | 27.55% |
| Singapore | 17% | 17% |

In general terms the years open for review are those that are not statute-barred pursuant to the various laws applicable to each of the Group companies and whose period is established at 4 years from when the publication becomes due and payable and the period for the filing of tax expires.

The applicable legislation for the settlement of Corporation Tax for 2018 of the Parent Company is that corresponding to Provincial Law 11/2013, of 5 December, of the Regional Territory of Vizcaya.

On 27 March 2018, the Vizcaya Official Gazette published Regional Law 2/2018, of 21 March, which characterises certain European long-term investment funds for tax purposes and amends the Regional Regulations on Personal Income Tax, Property Tax, Corporation Tax, Capital Transfer Tax and Stamp Duty, Inheritance and Gift Tax and the Tax Framework of Cooperatives, and the Vizcaya General Tax Regulation. This tax reform came into force the day following its publication, 28 March 2018, and is effective for the tax periods beginning on or after 1 January 2018.

With regard to the Corporation Tax reform, significant amendments were introduced, including, among others, a reduction in the tax rate, falling from 28% in 2017 to 26% in 2018 and 24% from 2019, the establishment of a 50% limit on the offset of tax loss carryforwards, the reduction of the limits of deduction of tax credits and the establishment of limits on deduction of tax credits that were previously unlimited. Also, a minimum tax rate and an instalment payment method was established.

## 20. Operating income and expenses of continuing operations

### *20.1 Net revenues*

The breakdown of net revenues for the years ended 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Power sales | 35,241,013 | 17,162,034 |
| Plant development and construction sales | 40,672,427 | 5,848,235 |
| Services rendered | 3,485,209 | 3,897,169 |
| Capital gain on the sale of companies | 3,426,743 | - |
| **Net Revenues** | **82,825,392** | **26,907,438** |

The change in power sales is mainly due to the inclusion of the sales of power generated by the plants purchased in Spain during 2018 and the power sales revenue of the Peruvian companies integrated in the scope of consolidation during 2019 (Note 2.8). Plant development and construction sales relate to the revenue according to the stage of completion of two projects located in Spain, which will be finished in 2020 (Note 3.10) for the amount of 27,035 thousand euros; the progress of these projects is 76% and 30% respectively. Likewise, it includes the sale of a plant built to sell directly to the customer, whose full construction progress was reported during 2019, and a development project for one of the plants under construction. Finally, the sale of two companies was completed resulting in a capital gain of 3,427 thousand euros, before subsequently entering into a Development and EPC contract with the supplier, under which a solar PV plant is being built which was 30% complete at the end of the year, as previously mentioned.

Of the revenues, the amounts invoiced in currencies reflected in euros are as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Rupees | 11,439,828 | 11,270,463 |
| Chilean pesos | 5,649,530 | 4,788,998 |
| Colombian pesos | 104,159 | 5,069,464 |
| US dollars | 20,025,620 | 2,741,419 |
| Euros | 45,606,255 | 3,037,094 |
| **Total** | **82,825,392** | **26,907,438** |

### *20.2 Other operating income*

The breakdown of this balance on the consolidated income statements for the years ended 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Non-trading and other operating income | - | 62,001 |
| Operating subsidies included in income | 57,982 | 46,711 |
| **Total** | **57,982** | **108,712** |

### *20.3 Personnel expenses*

The breakdown of this balance on the consolidated income statements for the years ended 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Wages and salaries | 10,388,393 | 5,804,962 |
| Social security expenditure | 1,166,843 | 868,727 |
| **Total** | **11,555,236** | **6,673,689** |

At the Board of Directors meeting on 9 November 2018, it was agreed to approve the three-year incentive scheme (establishing its measurement period between 1 January 2018 and 31 December 2020) for the Executive Committee, with certain employees appointed by the Chairman and the CEO, although the formalisation of its objectives, as well as the formalisation of the contracts with the affected employees, did not occur until January and March 2019, respectively. An amount to be assigned to each beneficiary was established individually in this plan as a result of multiplying their average gross fixed salary for 2018-2020 by a percentage, which depends on their level of responsibility in the organisation. Additionally, the following objectives were established for the evaluation of the plan:

The amount of the variable remuneration was set at the equivalent of the result of multiplying their average gross fixed salary for 2018-2020 by a percentage, which depends on their level of responsibility in the organisation, and a set of objectives dependent on:

- EBITDA generated by the "Development and Construction" division
- The cash generated during the period by the "Power Generation" and "Services" division
- The existing backlog at 31 December 2020

The bonus set based on the degree of achievement of the above objectives, and considering the formula established in the agreement with each of the directors, may be increased or reduced by the same proportion as that resulting from dividing the average price of the share of the Company in the last quarter of 2020 and the value of the share on the date of the beginning of its listing on the stock exchange in December 2018 (8.3 euros per share).

Said plan was measured considering an option valuation method, widely used in financial practice. At 31 December 2019, the valuation of said plan was 5,225 thousand euros having recorded a personnel expense of 3,521 thousand euros charged to "Non-current liabilities - Long-term obligations with staff", given that this amount will not be settled until 31 March 2021, with a necessary condition for its payment collection being remaining in the company until said date.

At 31 December 2018, under the heading "Personnel expenses - Wages, salaries and similar" 541 thousand euros corresponded to personnel expenses associated with the IPO. These expenses included the remuneration of personnel involved in the IPO in proportion to their time dedicated thereto, as well as an extraordinary variable remuneration of 240 thousand euros subject to the IPO being successful.

Of the corresponding personnel expenses for 2019, 5,650 thousand euros were for direct costs related to projects (4,148 thousand euros at 31 December 2018).

The average number of employees during the years ended 31 December 2019 and 2018, detailed by categories and sexes, was as follows:

| Category | Average for period ended 31 December 2019 | Average for period ended 31 December 2018 |
|---|---|---|
| Other management personnel (*) | 12 | 12 |
| Technical professionals and similar | 172 | 88 |
| Administrative service personnel and similar | 21 | 20 |
| **Total** | **205** | **120** |

(*) One of the members of the Board of Directors of the Parent Company is also an executive of the Group

The average number of employees at 31 December 2019 and 2018, by categories and sex, was as follows:

| | 31 December 2019 | | | 31 December 2018 | | |
|---|---|---|---|---|---|---|
| | Men | Women | Total | Men | Women | Total |
| Other management personnel (*) | 9 | 4 | 13 | 9 | 4 | 13 |
| Technical professionals and similar | 179 | 28 | 207 | 85 | 13 | 98 |
| Administrative service personnel and similar | 3 | 21 | 24 | 5 | 16 | 21 |
| **Total** | **191** | **53** | **244** | **99** | **33** | **132** |

(*) One of the members of the Board of Directors of the Parent Company is also an executive of the Group.

### *20.4 Other operating expenses*

The breakdown of this balance on the consolidated income statements for the six-month periods ended 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Leases and charges | 1,052,445 | 817,682 |
| Repair and maintenance | 923,275 | 169,359 |
| Independent professional services | 5,671,603 | 2,282,338 |
| Transport | 401,671 | 40,230 |
| Insurance premiums | 721,332 | 325,533 |
| Bank charges and costs of guarantees | 1,121,439 | 375,098 |
| Advertising, publicity and public relations | 88,085 | 111,978 |
| Supplies | 94,469 | 41,393 |
| Other operating expenses | 867,080 | 1,622,122 |
| Taxes | 3,251,958 | 793,376 |
| Losses, impairment and changes in trade provisions | 99,981 | (45,399) |
| **Total** | **14,293,338** | **6,533,710** |

The main changes under this heading correspond to the increase in bank charges due to the increase in the Group's activity.

The increase in "Other operating expenses - Taxes" is due to expenses for licences and fees that the Group has had to assume in order to implement the Development projects underway in Spain for an amount of 2,010 thousand euros.

The increase in the heading “Other operating expenses - Professional services” is due to expenses related to the construction activity.

At 31 December 2018, 554 thousand euros related to the IPO was recorded under the heading “Other operating expenses - External services”. Due to their nature, these expenses could not be recorded against reserves.

Of the corresponding personnel expenses for 2019, 10,415 thousand euros were for direct costs related to projects (3,642 thousand euros in 2018).

### *20.5. Other income and expenses*

The breakdown of this balance on the consolidated income statements for the years ended 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2018 | 31 December 2018 |
| Income from penalties | 75,432 | 1,994,267 |
| Negative consolidation difference (Note 2.8) | 7,833,669 | - |
| Other | (21,057) | (67,196) |
| **Total** | **7,888,044** | **1,927,071** |

The income from penalties recorded during 2019 and 2018 was due to the indemnities that the Group had invoiced, or had the right to invoice, to certain contractors for delays in the connection of certain solar PV plants.

Of the operating earnings for 2019, 54 thousand euros were for direct costs related to projects (1,927 thousand euros in 2018).

### *20.6 Impairment and gains/losses on disposal of fixed assets*

The breakdown of this balance on the consolidated income statements for the years ended 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2018 | 31 December 2018 |
| Impairment of property, plant and equipment (Note 6) | (1,838,640) | - |
| Impairment of goodwill SIS España | (178,117) | - |
| Loss on disposal of fixed assets | (2,833) | (10) |
| **Total** | **2,019,590** | **(10)** |

## 21. Financial income, financial expenses and exchange-rate differences

The breakdown of financial income and expenses for the years ended 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31/12/2019 | 31/12/2018 |
| **Financial expenses** | | |
| *On debts to third-parties-* | | |
| Interest on loans with lending institutions (Note 15) | 12,748,606 | 8,329,349 |
| Other financial expenses | 993,506 | 845,505 |

| | | |
|---|---|---|
| | **13,742,112** | **9,174,854** |
| **Financial income** | | |
| *From investments in financial instruments-* | | |
| From investments in equity instruments | 287,704 | - |
| *Marketable securities and other financial instruments-* | | |
| Interest on loans to related parties (Note 24) | 344,986 | 397,822 |
| Other financial income | 435,672 | 255,255 |
| | **1,068,362** | **653,077** |

The heading "Other financial expenses" corresponds to the revaluation of the loans for concessions of land (Note 6) and to the interest for the agreement signed with ACE Renewable Holding (Note 14).

In addition, the heading "Other marketable securities income and other financial instruments - Interest on loans with other related parties" corresponds to interest income generated by the financing agreements granted to the companies listed in Note 24.2. Furthermore, the heading "Other marketable securities income and other financial instruments - Other financial income" corresponds mostly to interest generated by short-term deposits.

Exchange-rate differences

The breakdown of exchange-rate differences for the years ended 31 December 2019 and 2018 is as follows:

| | Euros | |
|---|---|---|
| | 31/12/2019 | 31/12/2018 |
| US Dollars | 3,258,815 | 983,515 |
| Indian rupees | (19,154) | (486,958) |
| Chilean peso | (18,029) | 490,582 |
| South African Rand | (15,104) | (106,664) |
| Uruguayan peso | (55,193) | (25,974) |
| Peruvian soles | 1,713 | (9,705) |
| Malaysian ringgit | 38 | (2,114) |
| **TOTAL** | **3,153,087** | **842,682** |

## 22. Earnings (or losses) per share

### *22.1 Basic*

The basic earnings (or losses) per share from continuing operations for the years ended 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Profit attributable to shareholders of the Parent Company | 11,908,182 | 5,014,958 |
| Weighted average number of ordinary shares outstanding | 33,253,012 | 4,304,961 |
| **Basic earnings per share** | **0.36** | **1.16** |

Basic earnings per share are calculated by dividing the profit attributable to the Parent Company's shareholders by the weighted average number of ordinary shares outstanding during the year (Note 12.1).

### *22.2 Diluted*

There are no agreements that give rise to a dilution of earnings per basic share calculated as described in the above paragraph.

## 23. Commitments, guarantees and other information

### *23.1 Fixed asset and lease purchase agreements*

At the end of the reporting periods there were no investment commitments.

### *23.2 Obligations under operating leases*

The Group leases offices and land (on which solar power plants are installed) under non-cancellable operating leases (Note 6). These leases have a term of between 5 and 30 years, most of which are renewable when they expire under market conditions. Due to the entry into force of IFRS 16 on 1 January 2019, the Group recorded a liability of 11.9 million euros (Note 2.2). At 31 December 2018, the detail of obligations under operating leases was as follows:

| | Euros |
|---|---|
| | 31 December 2018 |
| Under one year | 324,691 |
| One to five years | 1,205,717 |
| Over five years | 5,118,340 |
| **Total** | **6,648,748** |

### *23.3 Other information*

The Group had provided guarantees for works or services provided to customers and trade guarantees for the approximate amount of 31,595 thousand euros at 31 December 2019 (28,222 thousand euros at 31 December 2018). The Group also had surety bonds issued as a guarantee to request connection points in Spain for the amount of 95,758 thousand euros.

These guarantees issued through different entities are presented as a commitment, mainly for the proper performance of the contracts, the coverage of guarantee periods and the support of bids or tenders. Failure to comply with these commitments would entail the execution of said guarantees with a cash outflow whose possibility is considered remote.

## 24. Related party transactions

All material balances between consolidated parties at the end of the reporting period and the effects of the transactions performed between them during the period were eliminated on consolidation.

However, the Group had material balances in the consolidated balance sheet at 31 December 2019 and 2018 with related parties. Related parties are considered to be direct shareholders of the Group (including non-controlling interests) and the Parent Company's directors and the Group's key management personnel and close family members and entities related to them, and those investee companies accounted for using the equity method or subsidiaries or joint ventures that the Parent Company's directors did not include in the consolidated financial statements and the related explanatory notes thereto as detailed in Note 2.8.

### *24.1 Balances and transactions with companies with related parties*

The main balances that the Group had with its related parties at 31 December 2019 and 2018 (excluding those derived from financing agreements), as well as transactions carried out during those periods, are described below (in euros):

Balances at 31 December 2019 and 2018

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Balances: | | |
| Accounts receivable from related parties | 518,216 | 329,303 |
| Accounts payable to related parties | - | - |

The accounts receivable from / payable to related parties include balances for commercial transactions relating to transactions performed during the period, mainly involving the outstanding balances for provision of O&M and AMS services (Note 5) to companies over which control is not exercised, located in Spain, Chile and Peru.

Transactions during 2019 and 2018

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| *Transactions performed* | | |
| Purchase of shares (note 2.4) | | |
| Sales | 989,969 | 2,452,898 |
| Purchases | - | (164,311) |
| Financial income | 632,689 | 900,436 |
| | **1,622,658** | **3,186,023** |

The Group provided O&M and AMS services to related companies in Spain, Chile and Peru during 2019 and 2018, and had loans to related companies (**Notes 8 and 24.2**)

### *24.2 Financing agreements*

Following is a detail of financing agreements with related parties:

| | Euros | | | |
|---|---|---|---|---|
| | Receivable balances (Note 8) | | Payable balances | |
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Company Name: | | | | |
| Kabi Solar Energy Limited (*) | 392,283 | 314,650 | - | - |
| Solarges Perú, S.L. | 19,184 | 20,126 | - | - |
| Ataca Solar Holdco, SpA | 2,132,334 | 2,173,297 | - | - |
| Itok Solar Incorporated, S.L. | (45) | (45) | - | - |
| Fundación EKI | 941 | - | - | - |
| Diego Almagro Solar 2, S.A. | 402 | 129 | - | - |
| Diego Almagro Solar 3, S.A. | 2,259 | 1,997 | - | - |
| Taltal Solar, S.A. | 19,491 | 129 | - | - |
| Moquegua FV, SAC | - | 125 | 125 | 125 |
| **Total** | **2,566,849** | **2,510,408** | **125** | **125** |

(*) It is presented net of the impairment recorded for the amount of 1,136 thousand euros (808 thousand euros at 31 December 2018), and includes outstanding interest.

## 24.3 Remuneration and other benefits of Board of Directors and Senior Management

**Remuneration to members of the Board of Directors**

During 2019, 250 thousand euros (292 thousand euros for the year ended on 31 December 2018) was paid as remuneration to the members of the Board of Directors of the Parent Company and related companies, for the performance of executive duties. No loans or other social benefits were granted. Additionally, a provision for a long-term variable of 943 thousand euros was accrued with its final accrual depending on compliance with the conditions of the 2018-2020 multiannual variable remuneration. It cannot be calculated until the close of 2020 and any payment will be made in 2021.

In addition, during 2019, a total remuneration of 319 thousand euros was paid for the performance of their duties by the directors of the Parent Company (162 thousand euros in the year ended 31 December 2018).

The Board of Directors of the Parent Company only considers as senior management those members actually on the Board, not considering that there might exist additional senior management personnel to these people.

**Remuneration to management personnel**

The remuneration paid to management personnel, apart from that of the CEO which is included in the above section, was:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Fixed remuneration | 971,566 | 911,490 |
| Variable remuneration | 176,300 | 330,792 |
| Expatriation allowances | 110,830 | 86,204 |
| Subsistence allowance | 17,000 | |
| Long-term variable | 2,069,635 | - |
| IPO bonus | | 120,000 |
| **Total** | **3,345,331** | **1,418,486** |

The Board of Directors of the Parent Company only considers members of the executive committee as management personnel.

Additionally, during the year, the approval of an incentive scheme was agreed for the executive committee, with certain employees appointed by the Chairman and CEO, described in Note 20.3.

The amount of 2,067 thousand euros corresponds to the provision of the long-term variable whose final accrual will depend on compliance with the conditions of the 2018-2020 multiannual variable remuneration. Its final calculation cannot be made until the close of 2020 and any payment will be made in 2021.

## 24.4 Information regarding situations of conflict of interest by the Directors (article 229 of the Capital Companies Law)

To avoid situations of conflict of interest in the Parent Company, during the first six months of 2019 those directors who held positions on the Board of Directors fulfilled the obligations set forth in article 229 of the consolidated text of the Capital Companies Law. Likewise, both the directors and persons related to them refrained from incurring in the situations of conflict of interest provided for in article 229 of said regulation, with no possible conflict of interest, direct or indirect, having been communicated during the period for its consideration by the Board of Directors of the Parent Company.

## 25. Joint ventures

The group has a 60% ownership interest in the company Kabi Solar (PTY) Ltd., which, by virtue of the agreement entered into with the other shareholder, is considered to be a joint venture and is accounted for using the equity method, since despite the Group having 60% ownership, per the shareholders' agreement, many matters related to the company's ordinary business activities must be approved by 75% of the share capital (clause 10.4. of the shareholders' agreement). The Board of Directors also consists of 4 members, and there is parity, with each shareholder appointing 2 directors. Also, the removal and appointment of directors is subject to the aforementioned qualified majority of 75%.

The Group also holds a 50% interest in the companies Ecuador Solar Holdco, S.L, Solargés Perú, S.L. and Gestión Solar Perú, S.A.C.

The detail of the ownership interest (value) and of the assets and liabilities of the joint ventures accounted for using the equity method are disclosed in note 7.

## 26. Joint Ventures (UTEs)

The SolarPack Group participates in various joint ventures, created to undertake the construction of certain solar photovoltaic plants abroad. The quantitative contribution of these companies is as follows:

**2019**

| | Euros | | | |
|---|---|---|---|---|
| Category | Assets | Liabilities | Capital and reserves | Profit or loss for the year |
| UTE Tacna Solar | 2,400 | - | 2,400 | - |
| UTE Moquegua | - | 7,849 | (7,849) | - |
| UTE Panamericana Solar | 2,400 | - | 2,400 | - |
| UTE Chile Solar 2 | 8,000 | - | 8,000 | - |
| UTE Proyecto PMGD | 72,993 | 2 | 93,558 | - |
| **Total** | **85,793** | **7,851** | **98,509** | **-** |

**2018**

| | Euros | | | |
|---|---|---|---|---|
| Category | Assets | Liabilities | Capital and reserves | Profit or loss for the year |
| UTE Tacna Solar | 2,400 | - | 2,400 | - |
| UTE Moquegua | - | 7,849 | (7,849) | - |
| UTE Panamericana Solar | 2,400 | - | 2,400 | - |
| UTE Chile Solar 2 | 8,000 | - | 8,000 | - |
| UTE Proyecto PMGD | 72,993 | 2 | 72,991 | 20,567 |
| **Total** | **85,793** | **7,851** | **77,942** | **20,567** |

## 27. Other disclosures

### *27.1 Audit fees*

During 2019 and 2018, fees for account auditing services and other services provided by the Group's consolidated account auditors (Deloitte, S.L. for 2019 and 2018) and by companies belonging to the same network were as follows (in euros):

| | Services provided by the lead auditor (thousands of euros) | |
|---|---|---|
| Description | 2019 | 2018 |
| Audit Services | 339 | 242 |
| Other Verification Services | - | 494 |
| **Total Audit and Related Services** | **339** | **736** |
| Tax advisory services | 24 | 15 |
| Other Services | - | 15 |
| **Total Professional Services** | **363** | **766** |

Likewise, in 2019 other auditors received 13 thousand euros for audit work (31 and 144 thousand euros, respectively, for auditing and other verification services in 2018).

### *27.2 Environmental matters*

Capital outlays associated with environmental protection are charged to income, in the period in which they are incurred. Infrastructure work investments designed to meet environmental requirements are activated according to the general accounting criteria for property, plant and equipment, as established in IAS 16.

## 28. Subsequent events

There have been no significant subsequent events after year-end closing at 31 December 2019 that could affect these consolidated financial statements.

## ANNEX I: LIST OF SUBSIDIARIES AND ASSOCIATES

| Company Name | Parent company | Business Activity | Address | % Effective Shareholding in Solarpack Corporación - Direct | % Effective Shareholding in Solarpack Corporación - Indirect | Consolidation method |
|---|---|---|---|---|---|---|
| Acrux Uno, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Antia Dos, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Andromeda Veintiseis, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Cruz del Sur Cuarentainueve, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Orion Setentaicuatro, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Solarpack Promo2007 Treintaitres, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Solarpack Promo2007 Treintaicinco, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Solarpack Promo2007 Trentaisiete, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Solarpack Promo2007 Sesentaitres, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Solarpack Promo2007 Setentaisiete, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Solarpack Ingeniería, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Design, Promotion and Construction of installations for the production of electricity | Avda. Astronomía, 1 Torre 1, 9º módulo 5, Seville | 100% | | Full Consolidation |
| Solarpack Perú, S.A.C. | Solarpack Corporación Tecnológica, S.A. | Design, Promotion and Construct. Maintenance of facilities for power generation plants | Avda. Manuel Olgui, 335 of 905 Urb. Monterrico Chico, Lima | 100% | | Full Consolidation |
| Solarpack Uruguay, S.A. | Solarpack Corporación Tecnológica, S.A. | Design, Promotion and Construct. Maintenance of facilities for power generation plants | Hermano Damasceno 1678 Bis-Montevideo | 100% | | Full Consolidation |
| Solarpack Asia SDN. BHD. | Solarpack Corporación Tecnológica, S.A. | Design, Promotion and Construct. Maintenance of facilities for power generation plants | 8-1 & 8-2, Level 8, Menara CIMB, No.1, jalan Stesen Sentral 2, Kuala Lumpur Sentra 50470 Kuala Lumpur | 100% | | Full Consolidation |
| Spk Services Singapore Pte. Ltd. | Solarpack Corporación Tecnológica, S.A. | Development of renewable energy projects | Wallich Street, 14-01, Guoco Tower, Singapore 078881 | 95% | | Full Consolidation |

| Company Name | Parent company | Business Activity | Address | % Effective Shareholding in Solarpack Corporación Direct | % Effective Shareholding in Solarpack Corporación Indirect | Consolidation method |
|---|---|---|---|---|---|---|
| Solarpack India LLP. | Solarpack Corporación Tecnológica, S.A. | Promotion, development and construction of solar photovoltaic plants | First Floor, Southern Park, D 2 District Centre, Saket, New Delhi, South Delhi, 110017, Delhi, India | 99.99% | - | Full Consolidation |
| Padmajiwadi Solar Pte. Ltd. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | 4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India | 82.64% | - | Full Consolidation |
| Renjal Solar Pte. Ltd. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | 4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India | 82.62% | - | Full Consolidation |
| Gummadidala Solar Pte. Ltd. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | 4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India | 82.66% | - | Full Consolidation |
| Ghanpur Solar Pte. Ltd. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | 4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India | 82.66% | - | Full Consolidation |
| Thukkapur Solar Pte. Ltd. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | 4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India | 82.66% | - | Full Consolidation |
| Achampet Solar Pte. Ltd. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | 4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India | 82.64% | - | Full Consolidation |
| Solarpack Chile, Ltda. | Solarpack Corporación Tecnológica, S.A. | Design, Promotion and Construct. of facilities for power generation plants | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | 100% | - | Full Consolidation |
| Arica Solar 1 S.A. | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 100% | Full Consolidation |
| Amunche Solar SpA | Solarpack Chile, Ltda. | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 100% | Full Consolidation |
| María Elena Solar S.A. | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 100% | Full Consolidation |
| PMGD Holdco, Spa | Solarpack Chile, Ltda | Securities holding | Avenida Algorta 16, 3º Getxo, Vizcaya | - | 80% | Full Consolidation |
| PMGD Holdco Chile, Spa | PMGD Holdco, S.L. | Securities holding | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 80% | Full Consolidation |
| Pozo Almonte Solar 1, Spa | PMGD Holdco, S.L. | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 80% | Full Consolidation |

| Company Name | Parent company | Business Activity | Address | % Effective Shareholding in Solarpack Corporación Direct | Indirect | Consolidation method |
|---|---|---|---|---|---|---|
| Calama Solar 1, Spa | PMGD Holdco, S.L. | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 80% | Full Consolidation |
| Calama Solar 2, Spa | PMGD Holdco, S.L. | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 80% | Full Consolidation |
| Solarpack Development, Inc. | Solarpack Corporación Tecnológica, S.A. | Development and management of PV projects | 3730 Mt. Diablo Boulevard, Suite 120 Lafayette, CA 94549 USA | 100% | - | Full Consolidation |
| Solarpack Colombia, SAS | Solarpack Corporación Tecnológica, S.A. | The study, research, development and provision of all kinds of advisory, assistance and technical management services in the field of renewable energy | Bogotá D.C. | 100% | - | Full Consolidation |
| SPK Energías Renovables México 1 SA de CV | Solarpack Corporación Tecnológica, S.A. | Design, Promotion and Construction of installations for the production of electricity | Ángel Urraza Nº 314 del Valle Benito Juarez, México, C.P. 03100 Distrito Federal, Mexico | 100% | - | Full Consolidation |
| Spk Alvarado, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - | Full Consolidation |
| Solarpack Monclova, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - | Full Consolidation |
| Peñaflor Solar, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - | Full Consolidation |
| Pedroso Solar, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - | Full Consolidation |
| Sol De Alvarado, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - | Full Consolidation |
| Ekialde Solar Private Limited | Solarpack Corporación Tecnológica, S.A. | Promotion, development and construction of solar photovoltaic plants | 4th Floor, Rectangle One District Centre Saket New Delhi, Delhi | 100% | - | Full Consolidation |
| Eureka Energías Renovables, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - | Full Consolidation |
| Suvan Solar SpA | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | 100% | - | Full Consolidation |
| Apolo Solar SpA | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | 100% | - | Full Consolidation |
| Astro Solar SpA | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | 100% | - | Full Consolidation |

| Company Name | Parent company | Business Activity | Address | % Effective Shareholding in Solarpack Corporación Direct | Indirect | Consolidation method |
|---|---|---|---|---|---|---|
| Cuenca Solar SpA | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | | 100% | - | Full Consolidation |
| Yala Solar Private Limited | Ekialde Solar Private Limited | Operation of PV farms | First Floor, Southern Park, D-2 District Centre, Saket, Delhi | - | 100% | Full Consolidation |
| Alpur Solar Private Limited | Ekialde Solar Private Limited | Operation of PV farms | First Floor, Southern Park, D-2 District Centre, Saket, Delhi | - | 100% | Full Consolidation |
| Nanj Solar Private Limited | Ekialde Solar Private Limited | Operation of PV farms | First Floor, Southern Park, D-2 District Centre, Saket, Delhi | - | 100% | Full Consolidation |
| Ekialde Sun Solar Private Limited | Ekialde Solar Private Limited | Operation of PV farms | 4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India | - | 100% | Full Consolidation |
| Holen Solar Private Limited | Ekialde Solar Private Limited | Operation of PV farms | First Floor, Southern Park, D-2 District Centre, Saket, Delhi | - | 100% | Full Consolidation |
| Diego Almagro Solar 2 S.A. | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 100% | Full Consolidation |
| Diego Almagro Solar 3 S.A. | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 100% | Full Consolidation |
| Taltal Solar S.A. | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 100% | Full Consolidation |
| Tamarugal Solar 1 S.A. | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 100% | Full Consolidation |
| Alaraph Seis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Aldebaran Siete, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Alderamin Ocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Alkihiba Quince, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Alparhd Dieciocheo, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Alphecca Diecinueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Alrami Veintiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Alruccabah Veintidos, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Alsah Veintitres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Altair Veinticuatro, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Anca Veinticinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Arcturus Veintinueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |

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| Ariteis Treintaiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Ballena Treintaicuatro, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Canoplus Cuarenta, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Castor Cuarentaidos, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Cisne Cuarentaitres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Corona Boreal Cuarentaiocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Dubhe Cincuentraicuatro, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Hidra Sesentaitres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Lepus Sesentaisiete, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Osa Mayor Setentaicinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Peacock Setentainueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Pegaso Ochenta, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Perseo Ochentaiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Phaet Ochentaitres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Cadiñamos M.G. Ochentaiseis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Sartan Ochentainueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Cadiñamos M.G. Noventaiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Triangulum Noventaicinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Coluche Noventaiseis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Tres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Cuatro, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Cinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Seis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Siete, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Ocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |

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| Solarpack Promo2007 Nueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Doce, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Catorce, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Quince, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Dieciseis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Diecisiete, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Dieciocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Diecinueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Veinte, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Veintiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Veintidos, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Veintitres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Veintiseis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Veintiocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Treinta, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Treintaiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Treintaidos, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Treintaiseis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Treintaisiete, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Treintaiocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Treintainueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Cuarenta, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Cuarentaiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Cuarentaidos, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Cuarentaitres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |

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| Solarpack Promo2007 Cuarentaicuatro, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Cuarentaicinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Cuarentaiseis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Cincuentaiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Cincuentaitres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Cincuentaicuatro, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Cincuentaicinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Cincuentaiseis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Cincuentainueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Sesentaicinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Sesentaiseis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Sesentaisiete, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Sesentaiocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Sesentainueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Setentaiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Setentaitres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Setentaicuatro, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Setentaicinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Setentaisiete, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Setentaiocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Setentainueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Ochenta, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Cientodicecinueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |
| Solarpack Promo2007 Cientoveinte, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | Full Consolidation |

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| Granja Holdco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Ataca Solar Holdco SpA (4) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | 19% | - | Equity Method |
| Calama Solar 3, S.A. | Solarpack Chile, Ltda | Operation of PV farms | Estoril 50 – Of. 1013 Las Condes, Santiago, Chile | - | 19% | Equity Method |
| Pozo Almonte Solar 2, S.A. | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 19% | Equity Method |
| Pozo Almonte Solar 3, S.A. | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 19% | Equity Method |
| Pampul Holdco, S.L. (5) | Solarpack Corporación Tecnológica, S.A. | Securities holding | Avda. Algorta, 16, 3º Getxo, Vizcaya | 19% | - | Equity Method |
| Moquegua FV, SAC | Pampul Holdco, S.L. | Operation of PV farms | Jr. Huáscar 205, Jesús María, Lima, Peru | - | 19% | Equity Method |
| Solarpack Promo 2007 Ciento Veintiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda. Algorta, 16, 3º Getxo, Vizcaya | 96.5% | - | Full Consolidation |
| Kabi Energy Limited | Solarpack Corporación Tecnológica, S.A. | Promotion of electricity production plants | 21 7th Avenue, Parktown North 2193, Johannesburg | 60% | - | Equity Method |
| Solarpack, SARL | Solarpack Corporación Tecnológica, S.A. | Development and management of PV projects | 62, Avenue du 8 mai 1945, 64100 Bayonne | 100% | - | Full Consolidation |
| Gestión Solar Perú, S.A.C. | Solarpack Perú, S.A.C., | Development, management and business, project and company administration linked to the production and generation of renewable energy | Av. El Derbi nº250 Dpto 1201 Urb el Derbi Santiago de Surco, Lima | - | 50% | Equity Method |
| Solargés Perú, S.L. | Solarpack Corporación Tecnológica, S.A. | Development of renewable energy projects, mainly photovoltaic solar energy | C/ Ombú 3, 2ª Planta, Madrid | 50% | - | Equity Method |
| Energía Regional, S.A. de C.V. | Solarpack Corporación Tecnológica, S.A. | Production, generation and marketing of energy | Departamento de San Salvador | 90% | - | Full Consolidation |
| Tricahue Solar, SpA. | Solarpack Chile, Ltda | Development of renewable energy projects | Av. Vitacura 2939 Oficina 2701 | - | 100% | Full Consolidation |
| Los Libertadores Solar, SpA. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda, Vitacura nº2909 oficina nº306 Ciudad de Santiago (Chile) | 20% | 80% | Full Consolidation |
| Granja Solar Holdco SPA (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | 0 | Full Consolidation |
| SPK Ansar S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | 0 | Full Consolidation |
| Buitre Solar S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | 0 | Full Consolidation |
| SKP Falcon S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | 0 | Full Consolidation |
| SKP Milano S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | 0 | Full Consolidation |
| SKP condor S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | 0 | Full Consolidation |
| SKP aguila S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | 0 | Full Consolidation |
| SKP albatros S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | 0 | Full Consolidation |
| SKP flamingo S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | 0 | Full Consolidation |

| | | | | | | |
|---|---|---|---|---|---|---|
| Pantac Holdco S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | 0 | Full Consolidation |
| Solarpack Proyectos Extranjeros, S.L.U. (1) | Solarpack Corporación Tecnológica, S.A. | Engineering Services | Avda. Astronomía, 1 Torre 1, 9º módulo 5, Seville | 100% | 0 | Full Consolidation |
| Abra Solar, SpA. (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Aiboa Solar, SpA. (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Ayala Solar, SpA (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Yumbrel Solar, SpA (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Joya Solar, SpA. (1) | Solarpack Perú, S.A.C. | Operation of PV farms | Av. El Derbi nº250 Dpto 1201 Urb el Derbi Santiago de Surco, Lima | 100% | | Full Consolidation |
| Solar Pack Unipessoal LDA (1) | Solarpack Corporación Tecnológica, S.A. | Design, Promotion and Construction of installations for the production of electricity | Rua Joao Pena, 10 Lisbon, Portugal | 100% | | Full Consolidation |
| Tacna Solar, S.A.C. (1) | Pantac Holdco, S.L.U. | Operation of PV farms | Av. El Derbi nº250 Dpto 1201 Urb el Derbi Santiago de Surco, Lima | - | 100% | Full Consolidation |
| Panamericana Solar, S.A.C. (1) | Pantac Holdco, S.L.U. | Operation of PV farms | Av. El Derbi nº250 Dpto 1201 Urb el Derbi Santiago de Surco, Lima | - | 100% | Full Consolidation |
| Tamarugal Solar, SpA (1) | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | 100% | | Full Consolidation |
| Solarpack Promo2007 Veinticinco, S.L. (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |
| Solarpack Promo2006 Noventa y siete, S.L. (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | | Full Consolidation |

(1) Companies incorporated to the perimeter in 2019.
(2) Parent company of the investee companies listed below in the table (located in Chile).
(3) (4) Parent company of the investee companies listed below in the table (located in Chile).
(5) Parent company of the investee company listed shown below in the Annex (located in Peru).

## ANNEX II: FINANCIAL INFORMATION OF COMPANIES WITH NON-CONTROLLING INTERESTS (Note 12):

| | Euros | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 31.12.2019 | | | | | | | | | | | | |
| | PMGD Holdco, S.L. | PMGD Holdco Chile, S.L. | Padmajiwadi Solar Pte, Ltd | Gummadidala Solar Pte, Ltd | Thukkapur Solar Pte, Ltd | Renjal Solar Pte, Ltd | Ghanpur Solar Pte, Ltd | Achampet Solar Pte, Ltd | Spk Services Singapure Pte Ltd | Calama Solar 1, S.A. | Calama Solar 2, S.A. | Pozo Almonte Solar 1, S.A. | Solarpack Promo 2007-121, S.A. |
| Non-Current Assets | 5,877,435 | 11,584,820 | 8,748,570 | 14,490,697 | 13,423,117 | 13,057,103 | 13,183,399 | 8,517,197 | - | 14,771,537 | 15,082,868 | 14,883,044 | 22,261,906 |
| Current Assets | 59 | 756.75 | 1,857,515 | 2,537,043 | 2,244,389 | 2,505,785 | 2,251,093 | 1,675,975 | 673,530 | 1,478,641 | 1,560,274 | 1,507,709 | 2,440,933 |
| Equity | 5,878,174 | 11,561,407 | 1,745,086 | 3,030,090 | 2,398,938 | 2,327,925 | 2,239,677 | 1,612,399 | 659,674 | 2,693,969 | 2,572,240 | 4,365,298 | 4,024,190 |
| Non-current liabilities | - | - | 7,973,767 | 12,148,833 | 11,858,327 | 11,779,704 | 11,745,518 | 7,803,361 | - | 11,765,908 | 12,389,314 | 10,249,310 | 18,598,342 |
| Current liabilities | 680 | 24,169 | 887,232 | 1,848,817 | 1,410,241 | 1,455,258 | 1,449,298 | 777,413 | 13,856 | 1,790,301 | 1,681,588 | 1,776,144 | 2,080,308 |
| Net Revenues | - | - | 1,484,269 | 2,011,809 | 2,095,873 | 2,137,641 | 2,081,874 | 1,424,998 | - | 1,854,734 | 1,873,831 | 1,920,966 | 2,692,601 |
| Other operating expenses and income | (1,447) | 18,196 | (530,533) | (149,150) | -843,897 | (1,058,855) | (916,879) | (598,133) | (18,766) | (883,895) | (953,575) | (946,951) | (1,398,772) |
| **Results from operating activities** | **(1,447)** | **18,196** | **953,736** | **1,862,659** | **1,251,976** | **1,078,786** | **1,164,995** | **826,865** | **(18,766)** | **970,839** | **920,256** | **974,015** | **1,293,829** |
| **Net finance expense/income** | **(1,498)** | **16,841** | **109,191** | **569,398** | **(42,958)** | **(197,511)** | **(129,253)** | **(4,681)** | **(19,255)** | **78,266** | **17,426** | **198,322** | **860,729** |
| Income tax expense | 0 | (4,554) | (30,294) | (177,138) | 3,322 | 52,047 | 20,583 | (2,799) | - | (21,132) | (4,705) | (53,547) | (142,168) |
| **Profit or loss for the year** | **(1,498)** | **12,287** | **78,897** | **392,260** | **(39,636)** | **(145,464)** | **(108,670)** | **(7,479)** | **(19,255)** | **57,134** | **12,721** | **144,775** | **718,561** |

| | Euros | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 31.12.2018 | | | | | | | | | | | | |
| | PMGD Holdco, S.L. | PMGD Holdco Chile, S.L. | Padmajiwadi Solar Pte, Ltd | Gummadidala Solar Pte, Ltd | Thukkapur Solar Pte, Ltd | Renjal Solar Pte, Ltd | Ghanpur Solar Pte, Ltd | Achampet Solar Pte, Ltd | Spk Services Singapure Pte Ltd | Calama Solar 1, S.A. | Calama Solar 2, S.A. | Pozo Almonte Solar 1, S.A. | Solarpack Promo 2007-121, S.A. |
| Non-Current Assets | 5,766,559 | 11,372,049 | 9,124,649 | 15,083,127 | 13,993,031 | 13,636,157 | 13,780,614 | 8,893,066 | - | 15,299,744 | 15,565,473 | 15,375,221 | 23,187,400 |
| Current Assets | 1,125 | 956 | 2,044,698 | 2,833,701 | 2,493,297 | 2,917,297 | 2,526,366 | 2,023,456 | 718,885 | 1,483,184 | 1,495,217 | 1,579,736 | 2,155,684 |
| Equity | 5,768,351 | 11,331,077 | 1,675,824 | 2,663,218 | 2,451,090 | 2,481,736 | 2,357,488 | 1,627,146 | 666,058 | 2,999,881 | 2,891,280 | 4,435,285 | 4,220,771 |
| Non-current liabilities | - | - | 8,251,310 | 12,395,149 | 12,335,646 | 12,306,009 | 12,282,926 | 8,114,498 | - | 11,143,252 | 11,553,645 | 9,766,791 | 19,601,060 |
| Current liabilities | (667) | 41,928 | 1,242,214 | 2,858,460 | 1,699,593 | 1,765,708 | 1,666,565 | 1,174,878 | 52,827 | 2,639,795 | 2,615,765 | 2,752,880 | 1,521,253 |
| Net Revenues | - | - | 1,493,185 | 1,978,675 | 2,095,493 | 2,165,642 | 2,075,897 | 1,461,571 | 262,939 | 1,598,752 | 1,620,660 | 1,569,587 | 2,682,516 |
| Other operating expenses and income | (1,010) | (5,024) | (195,110) | (417,507) | (170,146) | (259,469) | (60,448) | (170,425) | (43,660) | (863,088) | (908,477) | (900,714) | (1,648,167) |
| **Results from operating activities** | **(1,010)** | **(5,024)** | **1,298,075** | **1,561,168** | **1,925,347** | **1,906,173** | **2,015,449** | **1,291,146** | **219,279** | **735,664** | **712,183** | **668,873** | **1,034,349** |
| **Net finance expense/income** | **4** | **445** | **(892,715)** | **(1,360,138)** | **(1,340,479)** | **(1,322,725)** | **(1,315,249)** | **(865,304)** | **80,707** | **(883,530)** | **(822,013)** | **(858,768)** | **(468,752)** |
| Income tax expense | - | 25,141 | (109,435) | (53,062) | (158,093) | (157,423) | (189,944) | (114,914) | (41,240) | 21,191 | 29,654 | 51,272 | (80,610) |
| **Profit or loss for the year** | **(1,006)** | **20,562** | **295,925** | **147,968** | **426,775** | **426,025** | **510,256** | **310,928** | **258,746** | **(126,675)** | **(80,176)** | **(138,623)** | **484,987** |

## ANNEX III: FINANCIAL INFORMATION ON ASSOCIATED COMPANIES:

| | Euros | | | | | | |
|---|---|---|---|---|---|---|---|
| | 31.12.2019 | | | | | | |
| | Kabi Solar PTY Ltd. | Ataca Solar Holdco, SpA | Ecuador Solar Holdco, S.L. | Pampul Holdco, S.L. | Solargés Perú, S.L. | Gestión Solar Perú, S.A.C. | Total |
| Non-Current Assets | 8 | 64,963,302 | 522,309 | 28,739,915 | - | 92,874 | 94,318,408 |
| Current Assets | 433,399 | 5,748,985 | 28,247 | 7,718,690 | 45,299 | 919,974 | 14,894,594 |
| Equity | (1,205,310) | 721,403 | 549,570 | 4,337,146 | (31) | 831,731 | 5,234,509 |
| Non-Current Liabilities | 1,111,496 | 55,055,803 | - | 31,945,485 | 45,299 | - | 88,158,083 |
| Current Liabilities | 527,221 | 14,983,693 | 72 | 175,973 | - | 181,117 | 15,868,076 |
| Net Revenues | - | 8,742,461 | - | 5,632,395 | - | 1,805,067 | 16,179,923 |
| Other operating expenses and income | (186,486) | (5,308,066) | (188) | (2,760,678) | - | (856,821) | (9,112,239) |
| **Results from operating activities** | (186,486) | 3,434,395 | (188) | 2,871,717 | - | 948,246 | 7,067,684 |
| **Net finance expense/income** | (114,526) | (3,602,757) | (294,834) | (1,109,527) | - | (29,429) | (5,151,073) |
| Corporation Tax Expense | - | 45,461 | - | (375,991) | - | (273,249) | (603,779) |
| **Profit or loss for the year** | (301,012) | (122,901) | (295,022) | 1,386,199 | - | 645,568 | 1,312,832 |

| | Euros | | | | | | |
|---|---|---|---|---|---|---|---|
| | 31.12.2018 | | | | | | |
| | Kabi Solar PTY Ltd. | Ataca Solar Holdco, SpA | Ecuador Solar Holdco, S.L. | Pampul Holdco, S.L. | Solargés Perú, S.L. | Gestión Solar Perú, S.A.C. | Total |
| Non-Current Assets | 8 | 66,305,408 | 881,288 | 28,901,630 | - | 100,214 | 96,188,548 |
| Current Assets | 414,240 | 5,270,240 | 911,503 | 6,747,191 | 45,299 | 936,721 | 14,325,194 |
| Equity | (805,766) | 2,347,192 | 1,792,693 | 4,350,831 | - | 184,410 | 7,869,360 |
| Non-Current Liabilities | - | 54,678,579 | - | 31,221,028 | 45,299 | - | 85,944,906 |
| Current Liabilities | 1,220,014 | 14,549,876 | 97 | 76,963 | - | 852,526 | 16,699,476 |
| Net Revenues | - | 7,597,951 | - | 4,632,528 | - | 938,872 | 13,169,351 |
| Other operating expenses and income | (173,788) | (4,797,851) | (5) | (2,310,358) | (31) | (713,943) | (7,995,976) |
| **Results from operating activities** | (173,788) | 2,800,100 | (5) | 2,322,170 | (31) | 224,929 | 5,173,375 |
| **Net finance expense/income** | (83,373) | (3,824,461) | (28,496) | (1,447,146) | - | 28,429 | (5,355,047) |
| Corporation Tax Expense | - | 276,567 | - | (240,755) | - | (79,236) | (43,424) |
| **Profit or loss for the year** | (257,161) | (747,794) | (28,501) | 634,269 | (31) | 174,122 | (225,096) |

# 2019 MANAGEMENT REPORT

SOLAR PACK

# CONTENTS

# 1. CULTURE AND GOVERNANCE

## 1.1. MISSION, VISION AND VALUES

### MISSION

Generate attractive "products and services" for our clients (governments, companies, individuals) in the sector of renewable energies.

We work with a smile in our faces, promoting a business culture that attracts talent and which generates an environment where we give the best of ourselves.

With attractive business and financial results that reflect our success in managing the resources used and that contribute to the prosperity of society, wherever we operate.

### VISION

Solarpack wants to be a globally recognised agent, managing the complexities entailed in undertaking projects, on the journey towards a world connected to renewable energy.

**Solarpack's main objective is to be a solid and solvent company, capable of undertaking quality projects, creating added value for society and the areas where it operates.**

### VALUES

**Quality**
we are obsessed with a well-done job. A job done well the first time requires less time than one done badly.

**Integrity**
honesty in our work and in the relationship with others as a basis for the trust we develop.

**Agility**
sense of anticipation, sense of urgency, essential in the changing times we live and for our company profile.

**Open mind**
open-mindedness, sharing of knowledge, teamwork, as foundation of a strong organisation with sound self-confidence.

**Effort and dedication**
essential in a highly competitive environment.

**Results**
our good work confirmed with economic results.

# 1.2. ORGANISATIONAL STRUCTURE

**Solarpack Corporación Tecnológica, S.A.** (hereinafter "**Solarpack**" or the "**Company**") has a **Board of Directors** consisting of seven directors: Chairman, CEO and five other members, in addition to a non-board member secretary. On 25 January 2019, the Board of Directors accepted the resignation of Mr Antonio Galíndez Zubiría and appointed, through co-option, Mr Rafael Canales Abaitua, as a proprietary director. His appointment was ratified by the General Shareholders' Meeting held on 29 March 2019. Furthermore, on 25 January 2019, the Company's Board of Directors appointed the director, Mr Ignacio Artazcoz Barrena, as the new vice-chairman.

The **Board of Directors** of Solarpack is the Company's highest governing body, to which the Shareholders' Meeting delegates its responsibility.

It is the place where decisions are made that affect all areas of the company and that establishes the guidelines for the operating of Solarpack's executive team.

Solarpack's **chairman** is the person who chairs and summons the Board of Directors and, in 2019, he held a non-executive role. The Board of Directors delegates to the chairman, among others, the responsibility of preparing the dates and matters to be discussed in the board meetings, nominating the persons for the positions of CEO and members of the committees of the Board of Directors, preparing and submitting before the Board of Directors those proposals which he thinks appropriate for the successful running of the Company and the representation of Solarpack before the institutions, wherever it may be according to its position, including the external communication of the Company.

The **CEO** of Solarpack has the executive functions of the Board of Directors and the necessary powers to exercise them. The CEO participates directly in management

and supervisory activities of the company. He is responsible for proposing the strategic direction of the company and to ensure that the decisions taken at the Board of Directors are implemented through functional measures. The CEO is a fundamental part in the creation of the culture of the organisation.

The **Audit Committee** of the Board is made up of three members and its main responsibilities are, among others, the monitoring of the effectiveness of the internal control of the Company and its risk management system. The chairmanship of this committee corresponds to an independent director.

The **Appointments and Remuneration Committee** consists of three members and its basic functions are, among others, the formulation of proposals on new members of the Board of Directors and on the remuneration of the members of the Board and of the CEO in their executive functions.

**The organisation and management of Solarpack is completely oriented towards project management. Therefore, at the level of committees and bodies additional to the Board of Directors, the company operates with the following:**

## PROJECT COORDINATION COMMITTEE

A committee that meets every two weeks to monitor all the projects underway. All the functional areas involved in the execution of the projects are part of this committee where the progress of the development and construction of the projects are analysed and potential risks and their solutions are identified in order to ensure that the projects are finished and successfully executed.

## EXECUTIVE COMMITTEE

The Executive Committee is held on a quarterly basis. All persons responsible for the functional areas of Solarpack meet and the CEO of the company presents the objectives and budget for the year, and its follow-up. The objective of this Committee is to establish common objectives to all the areas of the company, so that all people who are part of the organisation are aligned for achievement.

Solarpack and its subsidiaries (hereinafter the "**Solarpack Group**") are structured through 177 legal entities, included in the scope of consolidation of the Solarpack Group, as well as those temporary JVs whereto the Group is a part.

Subsidiaries are of two types:

OPERATING COMPANIES: those through which the Solarpack Group develops activities of (i) development and construction of projects and (ii) services

SPECIAL PURPOSE VEHICLE COMPANIES: those through which solar photovoltaic electric power generation assets (hereinafter "**PV**") are operated

The section on Organisational structure describes in detail these activities developed by Solarpack Group. The usual administration structure in the subsidiaries is the existence of a sole administrator, although there are numerous subsidiaries that have a board as an administrative body, either due to (i) the existence of minority shareholders or (ii) the fact that regulation of the country where the company is established make it advisable or essential the existence of a board of directors.

In addition to the companies included in the scope of consolidation, there are other companies where the Solarpack Group has interests but not a controlling ownership.

Note 2 and Annex I corresponding to the Consolidated Financial Statements as of 31 December 2019 (the "Consolidated Financial Statements") show a detail of the corporate structure of Solarpack Group.

## 1.2.1. CORPORATE GOVERNANCE BODIES

**CORPORATE GOVERNANCE ANNUAL REPORT CAN BE ACCESSED ON THE WEBSITE OF THE CNMV**

Our corporate governance practices are not only aimed at the creation of economic but social value. For this we have a number of bodies and procedures whose objective is to safeguard the interests of our shareholders and all our stakeholders, in general.

Our activities are governed by compliance with the law and related recommendations: Capital Companies Act, revised text of the Law of the Stock Market and the Code of Good Government of the Societies listed of the National Securities Market Commission (CNMV).

### A. GENERAL SHAREHOLDERS' MEETING

The General Shareholders' Meeting is the primary space for participation by the Company's shareholders and the highest decision-making authority at the Company, where all duly convened shareholders shall meet to discuss and decide, by the specific majority required in each case, on any matter falling within their scope of authority, or to be informed on any matter deemed convenient by the Board of Directors or the shareholders pursuant to the legislation in force and the Company's Articles of Association.

The rules of procedure of the General Shareholders' Meetings can be found here: **https://www.solarpack.es/en/shareholders-and-investors/corporate-governance-pdte/regulations/**

# 1.2.1. CORPORATE GOVERNANCE BODIES

## B. BOARD OF DIRECTORS

It is the highest governing body of the company and in which the shareholders of Solarpack delegate their responsibility. It is the responsible body, among other activities, for the design of policies and strategies.

As at 31 December 2019, the composition of the Board of Directors was as follows*:

| | |
|---|---|
| **José María Galíndez Zubiría** | Chairman - Proprietary Director |
| **Pablo Burgos Galíndez** | CEO - Executive Director |
| **Ignacio Artázcoz Barrena** | Vice-chairman- Independent Director |
| **Begoña Beltrán de Heredia** | Independent Director |
| **Inés Arellano Galíndez** | Proprietary Director |
| **Gina Domanig** | Independent Director |
| **Rafael Canales Abaitua** | Proprietary Director |
| **Joseba Andoni Olamendi López** | Non-Member Secretary of the Board of Directors |

** As of the date of this report, there have been changes in the Board of Directors, which are described in section 5 herein.*

The Regulations of the Board of Directors can be viewed here: **https://www.solarpack.es/en/shareholders-and-investors/corporate-governance-pdte/regulations/**

The following committees operate under the **Board of Directors**:

### AUDIT COMMITTEE

The Audit Committee of the Board is made up of three members and its main responsibilities are, among others, the monitoring of the effectiveness of the internal control of the Company and its risk management system. The chairmanship of this committee corresponds to an independent director.

### APPOINTMENTS AND REMUNERATION COMMITTEE

It consists of three members and its basic functions are, among others, the formulation of proposals on new members of the Board of Directors and on the remuneration of the members of the Board and of the CEO in their executive functions.

## C. DUE DILIGENCE MECHANISMS

The Board of Directors approved, on 1 November 2018, the Internal Code of Conduct in the Securities Markets. This Code regulates, among other things, the expected conduct of our directors and managers with respect to the treatment, use and disclosure of non-public information related with the group, according to the Regulation (EC) No. 596/2014 of the Committee of the European Parliament and of the Council of 16 April 2014 on abuse of market ("market abuse regulation") ("MAR").

The Internal Code of Conduct in the Securities Markets applies to, among other people, all the members of the Board of Directors, the Executive Committee and employees who have access to non-public information, and also to our external consultants, when they handle such non-public information.

At the date of issue of this document we do not have knowledge of any existence of any conflict of actual or potential interests between our advisors, our Executive Committee or our employees, who are key for the company.

# 1.2.1. CORPORATE GOVERNANCE BODIES

## D. EXECUTIVE COMMITTEE

It is the body responsible for the daily management of the company, formed by thirteen Directors. It meets quarterly and is responsible for supervising the key operational issues, including financial matters, as well as the main action plans and other related topics.

| | |
|---|---|
| **Pablo Burgos** | Chief Executive Officer |
| **Ana Ferrero** | Head of Asset Management and Technical Supervision |
| **Fátima Fernández** | Head of the Technical Office |
| **Iñigo Malo de Molina** | Head of Business Development |
| **Jaime Aldamiz-Echevarría** | Head of Project Financing |
| **Jaime Solaun** | Head of Andean Region |
| **Javier Arellano** | Head of Corporate Development and Investor Relations |
| **Joseba Olamendi** | Head of the Legal Department |
| **Luján de la Rica** | Head of Corporate Control |
| **María Burgos** | Chief Financial Officer |
| **Miguel de la Rosa** | Head of Construction and EPC Sales |
| **Tomás Parladé** | Head of Power Generation and Services |
| **Victoria Moral** | Head of Human Resources and Organization |

## E. SUMMARY OF GOVERNMENT AND BUSINESS BODIES

**BOARD OF DIRECTORS**
**7 MEMBERS**
**8 ANNUAL MEETINGS**

- Main body of validation of Solarpack's financial commitments.
- Detailed monitoring of every strategic and investment decision.
- Formed by 7 members: 1 executive; 3 proprietary directors and 3 independent.

**AUDIT COMMITTEE**
**3 MEMBERS**
**QUARTERLY**

- Monitoring of internal controls, internal audit and risk control.
- Supervision of elaboration and publication of financial information, including relationship with external auditors.
- Maintenance and monitoring of:
  - Control of financial risk.
  - Supervision of risk control and management policies.

**APPOINTMENTS AND REMUNERATION COMMITTEE**
**3 MEMBERS**
**WHEN REQUIRED**

- Assessment of competencies required in the Board of Directors.
- Elaboration of proposals for election or re-election of the members of the Board of Directors.
- Elaboration of proposals for Directors policies of compensation and management and monitoring of these policies.

**EXECUTIVE COMMITTEE**
**13 MEMBERS**
**QUARTERLY**

- Joint review of all business units and support units.
- Establishment and coordination of quarterly targets.
- Main Committee to the Executive team.

# E. SUMMARY OF GOVERNMENT AND BUSINESS BODIES

## BUSINESS COMMITTEES

**COMMITTEE OF POWER GENERATION**
QUARTERLY

- Detailed review of real vs. base case.
- Supervision of compliance with covenants.
- Preparation and follow-up of projects' cash distributions to debt and equity holders.
- Refinancing strategies of projects.
- Project acquisition opportunities.

**O&M COMMITTEE**
MONTHLY

- Monitoring of the availability, production, irradiance, and performance of the projects.
- Review of incidents and corrective actions.
- Contractual covenants supervision.
- Follow-up actions of continuous improvement.

**D&C COMMITTEE PER PROJECT**
MONTHLY/BI-WEEKLY

- Coordination of the project.
- Detailed review of the status of development.
- Supervision of construction and completion budget.
- Alignment in the development.

**R&D COMMITTEE**
MONTHLY

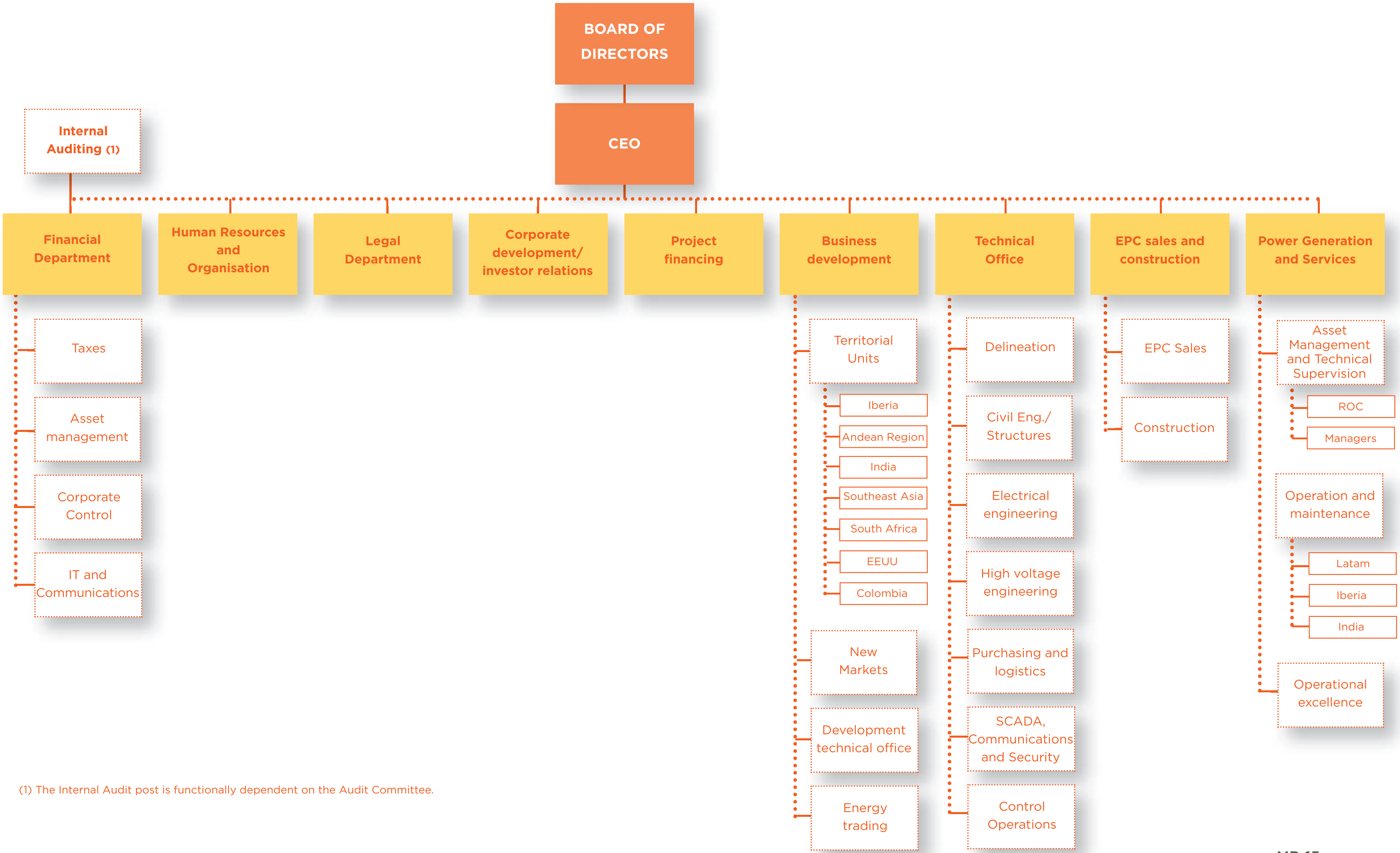
- Review of new initiatives, including those of battery storage.
- Analysis of new business models and technologies.

**BUSINESS REVIEWS**
MONTHLY

- Direct interaction between CEO and managers of business areas.
- Monitoring and supervision of specific business objectives.

SOLAR PACK

## F. ORGANISATION CHART




(1) The Internal Audit post is functionally dependent on the Audit Committee.

# 2. SOLARPACK PEOPLE

The Solarpack Group has a positive working environment and it can be said that the vast majority of its employees work with high motivation rates. Note 20.3 of the Consolidated Financial Statements details how personnel expenses are structured, as well as the distribution of the personnel.

As of 31 December 2019, the Solarpack Group had 244 employees. The majority of our personnel (specifically 85%) is devoted to technical areas, which include project development, engineering, construction, operation and maintenance activities.

The average number of employees grew by 71% in 2019, which is due to the growth in all of the company's activities and especially to the strong growth in DEVCON during the year. The average cost per employee during fiscal year 2019 was 56,367 euros, including both salary concepts and social security expenses.

**The Solarpack Group strives to maintain a cohesive group of employees located in over ten different countries. As such, several activities are carried out:**

**EXISTENCE OF A UNIFIED EMPLOYEE MANUAL,**

Existence of a unified employee manual, so that all employees of the company have the same values and culture, as well as similar operating rules, always respecting the labour regulations of each country.

**A CORPORATE COMMUNICATIONS PLATFORM**

A corporate communication platform that allows easy interconnection from any device connected to the Internet, with any employee of the company in their workplace, so that videoconferences and audioconferences can be made in a simple and economical way.

**A REGULAR INTERNAL NEWSLETTER**

Which informs all employees about the latest events in the company, both from a business point of view and from the point of view of activities and anecdotes of interest.

**REGULAR COMPANY MEETINGS**

Regular company meetings in which a large majority of employees have the opportunity to meet personally, exchange experiences and align themselves with business objectives.

**THE EMPLOYEE MANUAL CONTAINS**

a Code of Integrity and Conduct that is assumed by each employee when they join the Solarpack Group. This code raises four simple questions to assess whether a given behaviour is in line with the principles of integrity.

**REPORTING CHANNEL**

Likewise, a specific e-mail box is available for anonymous reports on behaviours within the company that do not comply with said principles of integrity.

A fundamental part of our strategy as a company is the identification and incorporation of the best talent, as well as its professional development and continuous motivation.

For this reason, in 2019 we have invested more than 30,906 euros in training aimed at developing our employees' skills and motivation, a particularly relevant aspect in a group with a young average age that values very highly this type of action. The training was aimed at areas of interest to the company, such as:

- PERSONNEL ORIENTING AND MANAGING
- TECHNICAL TRAINING COURSES
- PERSONAL SKILLS IMPROVEMENT COURSES (LANGUAGES, TIME MANAGEMENT, OFFICE...)

Also, aware of the specific problems of the staff who must travel to the different locations where our projects are, we have begun and will continue developing in the coming year actions aimed at improving the management of these processes, with the aim that the displacements are carried out under the best possible conditions for those involved.


Solarpack has 13 different nationalities among its employees, favouring the integration and diversity of the company.

# 3. BUSINESS MODEL

The Solarpack Group is a multinational company focused on the development of solar PV. It specialises in promoting, financing, construction, asset management, operation and maintenance, and consulting of PV solar plants.

Its activities are channelled through three operating segments, which are the generators of value and cash flows for the company:

**Development and Construction**

(DEVCON), which develops business opportunities and executes the construction of solar PV plants.

**Services**

Services (SVCS), which provides operation and maintenance services and asset management in solar PV plants.

**Power Generation**

(POWGEN), where the investments in solar PV power generation assets are grouped.

Solarpack Group currently operates mainly in Spain, Latin America (largely, Chile, Peru, Uruguay and Colombia), the USA, South Africa, India and South East Asia.

This geographical dispersion and growth has been carried out taking into consideration the culture and values relating to the performance of employees in the Solarpack Group, wherever they are.

**OUR STRATEGY**

**TWO BASIC PRINCIPLES**

PROFITABLE GROWTH
RISK CONTROL

**IMPLEMENTATION** →

- VERTICAL INTEGRATION
- MARKET AND CURRENCY SELECTION
- LOCAL VS DISPERSION
- RIGOROUS INVESTMENT DECISION PROCESSES
- ASSET ROTATION

# OUR COMPETITIVE ADVANTAGES

VERTICALLY INTEGRATED PROJECT EXECUTION PLATFORM WITH A PRESENCE IN HIGHLY ATTRACTIVE, FAST-GROWING SOLAR PV MARKETS

ATTRACTIVE PORTFOLIO OF PROJECTS IN DEVELOPMENT THAT PROVIDE GOOD INCOME VISIBILITY AND FUTURE RESULTS

DIVERSIFIED GEOGRAPHICAL IMPLANTATION IN 10 INTERNATIONAL MARKETS, WHICH ALLOWS CUSHIONING THE EFFECTS OF A POSSIBLE FALL IN ONE SPECIFIC MARKET

A MANAGEMENT TEAM WITH LONG EXPERIENCE IN THE INDUSTRY, LED BY THE FOUNDING PARTNERS WITH A LONG-TERM APPROACH ON THE SUSTAINABLE GENERATION OF VALUE

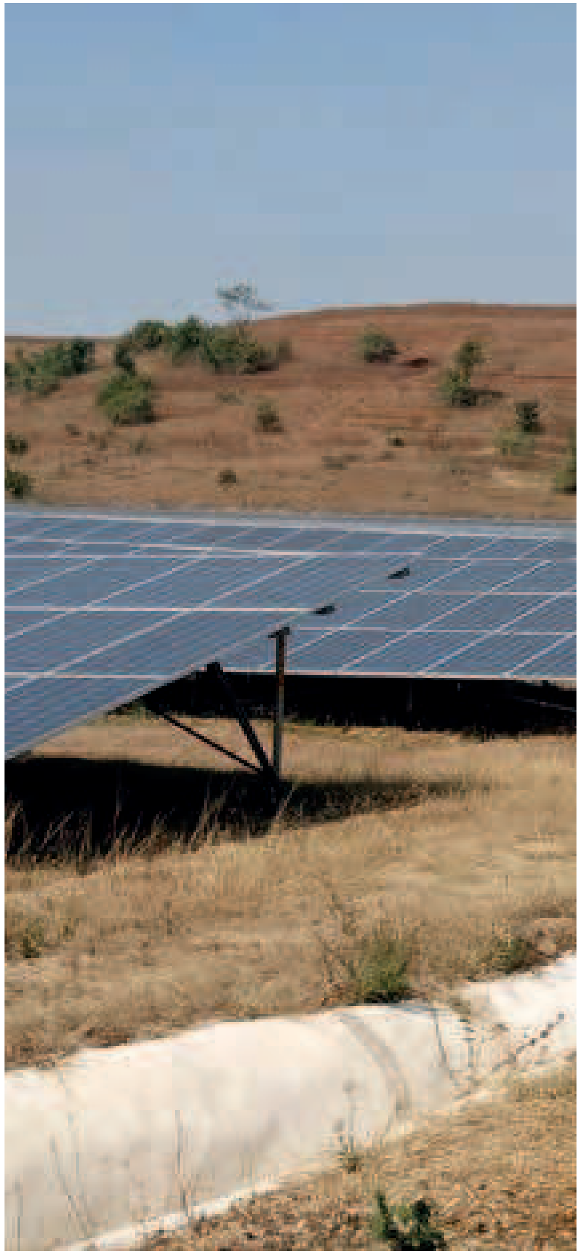
EXTENSIVE EXPERIENCE IN UNDERTAKING QUALITY PHOTOVOLTAIC PROJECTS

Historically, the Solarpack Group has developed a vertical integration business model with high asset turnover. This rotation has been motivated by a limited amount of financial resources, insuficient for the maintenance of all investments in solar PV plants in the long term. For this reason, the Group proceeded to divest majority share packages in operating PV solar plants in order to finance the construction and start-up of the following plants, which we call the Build & Sell mode.

During the year 2018, the Group has implemented a change of strategy, which is to maintain investment in the medium and long term in a majority share of the assets that develops, build and put into operation, what we call Build & Own mode. Result of this new strategy, the Group has carried out a capital increase through a range of subscription shares which ended 5 December 2018, the day from which Solarpack shares listed in the continuous markets of the Spanish stock exchanges. This injection of capital by 110 M euros will allow growth and recurrence of revenues and results of operation of the group.

Regarding the projects that the Group maintains in the development portfolio and that it aims to put into operation in the short term, approximately one third thereof will be built in Build & Own mode.

Likewise, the Group is carrying out EPC constructions for third parties, a strategy that it will continue to pursue on opportunities that allow the Group to create synergies with its undertaking of Build&Own and Build&Sell projects.



# 3.1. OPERATING SEGMENTS

Our activities are channelled through three operating segments, which are the generators of value and cash flows for the company:

## DEVELOPMENT AND CONSTRUCTION (DEVCON):

Our DEVCON division focuses mainly on the development and construction of solar PV plants, which directly convert solar radiation into electrical power. The development phase of a solar PV project begins with the selection of a terrain, suitable, taking into account various factors, such as for example, the solar radiation of the place, the proximity to electrical transmission/ distribution network, the impact in the local community, the selling alternatives for electric energy, mainly through sales contracts in the long run (PPA) and, depending on the size of the project, negotiations with possible co-investors. After obtaining the necessary internal approvals and administrative permits and licenses, we structure the financing of the project. Once this is achieved, we carry out our engineering activities, supply of main equipment and construction (EPC) in turnkey mode. A part of the solar plants that we develop and build are sold to third parties (Build & Sell mode) and another part is kept in our books for exploitation by our POWGEN division (Build & Own mode). Likewise, and opportunistically, the DEVCON division provides EPC services to third parties in projects in which the Group has not had any intervention in its development. The DEVCON division is the main generator of the company's future business, and its growth engine.

## MWs IN THE DEVCON DIVISION

| *At 31 December* | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Projects put into operation during the period** | **10.5** | **26.4** | **125.1** | **19.9** | **185.8** |
| Projects "Build and Own" | 10.5 | - | 25.1 | - | 164.5 |
| Other projects | - | 26.4 | - | 19.9 | 21.3 |

## DEVELOPMENT AND CONSTRUCTION (DEVCON)

**With respect to the portfolio of projects under development, the company distinguishes three different categories according to the degree of feasibility of each project:**

**(A) IDENTIFIED OPPORTUNITIES**

projects in a preliminary stage of develpoment for which we have made a feasibility study and a business case evaluation, and for which we estimate a probability of success of between 10% and 30%.

**(B) PIPELINE**

comprises projects for which we estimate the likelihood of success at 50% (not including projects included in our Backlog) that are either (i) in-house projects, for which we have procured contractual or legal rights relating to site control and interconnection rights from the relevant regulatory bodies or, if only initiated but contractual or legal rights have not yet been procured, for which we estimate a likelihood of contractual or legal rights being procured of more than 50%, or (ii) third-party projects, for which a bidding solicitation for a third-party EPC customer has been formally launched and for which we have been shortlisted in the request-for-proposal ("RFP") process.

## EVOLUTION OF BACKLOG

| *At 31 December* | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Backlog at the beginning of the period** | **31.6** | **189.5** | **237.5** | **124.1** | **362.1** |
| Additions during the period | 164.4 | 124.1 | - | 386.2 | 214.8 |
| Net changes in capacity | - | - | - | (2.8) | (1.6) |
| Projects that reach the operating status | (10.5) | - | - | - | (165.4) |
| Projects sold before the operating status | - | (55.0) | - | - | 0 |
| Projects that reach the “under construction” status | - | (21.1) | (113.4) | (145.4) | (225.5) |
| Projects that go back to the “pipeline” status | - | - | - | - | (47.1) |
| **Backlog at the end of the period** | **189.5** | **237.5** | **124.1** | **362.1** | **137.7** |

**(C) BACKLOG** comprises projects for which we estimate the likelihood of success of at least 90%. These are projects (i) for which we have been awarded rights as part of the applicable off-take arrangement tender process, or (ii) the applicable off-take arrangement has been obtained such that we have been nominated as preferred bidders and are in the process of preparing for the execution of the off-take arrangement, or (iii) non recourse financing has been obtained without the need of an off-take arrangement, or (iv) an agreement for the sale and construction of a “build and sell” project (not subject to any financing condition precedents) has been signed with a third-party buyer, or (v) an EPC agreement has been signed in the case of projects developed by third-parties.

## SERVICES (SVCS)

Our SVCS division provides (i) technical Operation and Maintenance services and (ii) administrative and asset management services to PV solar power plants developed by both the Solarpack Group and third parties. This division develops a wide range of services and solutions to maximise the generation of electricity and the useful life of the PV solar systems it operates and manages. Specifically, we provide technical monitoring and supervision services, inspections, preventive maintenance of plants, repair and replacement of equipment in plant, and response to incidents. As of 31 December 2019, we provide technical Operation and Maintenance services in 20 solar PV plants (of which eight are owned mostly by third parties) with a total installed capacity of 377 MW. Our O & M services are monitored from our remote control centre ("ROC") located in Getxo-Bizkaia, and run by our operators in the field. In addition, as part of our asset management activities, we offer a wide range of commercial, accounting, financial, tax and corporate services for PV solar power plants in operation, with the objective of maximising the cash available for distribution to the shareholders of these assets. Specifically, the main focus of our asset management services includes ensuring compliance with the applicable regulatory framework, establishing an effective reporting and internal control system, advising clients on how to optimise plant performance, refinancing senior debt and daily management and optimisation of PPA contracts. As of 31 December 2019, we provide this type of asset management services to 20 PV plants (owned by us or by third parties) that represent a total installed capacity of 578 MW.

## SERVICES

| *At 31 December* | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| Weighted average availability of MW under O & M (%) * | 99.8% | 99.8% | 99.7% | 99.4% | 99.7% |
| Projects under facilities O & M (in MW) | 106.4 | 132.7 | 153.8 | 160.1 | 377.4 |
| Projects under management of assets (in MW) | 198.3 | 219.4 | 219.4 | 330.3 | 578.0 |

** 2015 excludes ATACA (PAS1); 2016 excludes Alto Cielo; 2017 excludes PMGDs (CAS1; PSS (CAS2))*

## POWER GENERATION (POWGEN)

When our DEVCON division completes the construction of a solar PV plant and this enters into operation, our POWGEN division generates income by selling the electricity produced by our PV solar plants under a specific PPA contract or other type of sales model. The amount of income generated depends mainly on the production level of the plant and the sale price of the electricity. We generate income from solvent buyers, including a combination of government entities or central and national services, such as the national electricity systems of Spain and Chile, the Republic of Peru and Southern/Northern Power Distribution Company of Telangana (Indian energy distribution companies), as well as private companies such as Collahuasi and Codelco (Chilean mining companies). In general, we establish long-term electricity sales agreements with these energy buyers who pay a fixed price, in certain cases subject to adjustments for inflation, for the electricity generated by our PV solar power plants.

As of 31 December 2019, we have interests in the capital of 14 solar PV projects with a total installed capacity of 417 MW (of which 345 MW are attributable to our proportional shares in these projects). As of the date of this report, these numbers have increased by 123 MW to 540 MW and 468 MW respectively, due to the start of operation of the Granja project in Chile. These projects are structured with SPV companies in which the assets and liabilities of each project are located in an isolated manner. In this way, it is possible to obtain Project Finance Debt, which does not require any other guarantees than those of the project itself.

## MW IN OPERATION AT THE END OF THE PERIOD

| *As of 31 December* | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| Total MW | 127 | 127 | 252 | 252 | 417** |
| Attributable MW | 53 | 25 | 128 | 141 | 345** |

## POWER GENERATION

| *At 31 December* | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| Energy generated during the period. (on a pro rata basis, In MWh) * | 119,996 | 116,402 | 114,316 | 239,836 | 304,573 |

** Decrease in 2017 due to the sale of the majority in Ataca Moquegua. Increase in 2018 due PMGD PAS1-CAS1-PSS in full operation and entry of TS1. Increase in 2019 due to the purchase of c. 13 MW in Spain and the purchase of c. 39 MW in Peru.*

*** As of the date of this report, these numbers have increased by 123 MW to 540 MW and 468 MW respectively, due to the start of operations of the Granja project in Chile.*

| OPERATING SEGMENT | DEVELOPMENT AND CONSTRUCTION (DEVCON) | POWER GENERATION (POWGEN) | SERVICES (SVCS) |
|---|---|---|---|
| KEY ACTIVITIES | It provides innovative PV solar solutions.<br>Full integration of capabilities:<br>1. Development of projects<br>2.Structuring of the type of financing<br>3. Engineering, procurement & Construction | It generates stable and long-term income through the sale of electricity generated by the solar plants through long-term sales schemes. | a) Operation and maintenance: daily maintenance of PV solar plants to maximise their performance.<br>b) Asset management: monitoring of plant performance and compliance with accounting, tax and financing requirements. |
| KEY DATA | As of 31 December 2019, we had 5 projects under construction with a total capacity of 350 MW.<br>As of the date of this report, this figure has been reduced to 227 MW, spread over 4 projects. | As at 31 December 2019, we had interests in 4 solar PV projects totalling 417 MW.<br>As of the date of this report, this figure has been increased to 540 MW, spread over 5 projects<br>The POWGEN unit produced 304,573* MWh<br>* MWh attributable to the Group in proportion to its percentage share in the projects | As of 31 December 2019, we provided O&M services to 20 PV1 solar plants, totalling 377 MW.<br>Asset management services for 20 PV[2] solar plants, totalling 578 MW. |
| MAIN FINANCIAL MAGNITUDES[3] | **2019**<br>OPERATING REVENUE: **220.5 MM €**<br>EBITDA: **13.8 MM €**<br>(EBITDA margin of 6.25%)<br>**2018**<br>OPERATING REVENUE: **13.5 MM €**<br>EBITDA: **-0.0 MM €**<br>(EBITDA margin of -0.4%) | **2019**<br>OPERATING REVENUE: **35.2 MM €**<br>EBITDA: **30.3 MM €**<br>(EBITDA margin of 86.0%)<br>**2018**<br>OPERATING REVENUE: **20.8 MM €**<br>EBITDA: **18.8 MM €**<br>(EBITDA margin of 90.7%) | **2019**<br>OPERATING REVENUE: **8.2 MM €**<br>EBITDA: **2.2 MM €**<br>(EBITDA margin of 26.4%)<br>**2018**<br>OPERATING REVENUE: **4.6 MM €**<br>EBITDA: **1.3 MM €**<br>(EBITDA margin of 29.0%) |

*1. Thirteen plants, mostly owned by third parties and the rest by Solarpack.*

*2. Solarpack's or third-party property*

*3. Non-gaap financial information. The data centre cost/segment "Structure" are not included*

# 4. MANAGEMENT OF RISKS AND UNCERTAINTIES

## 4.1. OPERATIONAL RISKS

### REGULATORY RISK

The electricity generation activity is regulated in all the jurisdictions in which the Solarpack Group operates. Therefore, regulation can have a direct impact on the Group's income. Note 1.2 to the Consolidated Financial Statements contains an overview of the most relevant regulatory frameworks affecting the Group.

**In POWGEN**

- It can impact power generation revenues on those power generation assets that have a regulated sales price. This is the case of the generation assets in Chile (PMGDs) and the projects that were launched in Spain between 2007 and 2011. Unfavourable changes in the regulations in either market could affect the average selling price of these assets.
- New technical requirements or new taxes on generation could give rise to an increase in the operating costs of any asset that is adversely affected by regulatory changes of this nature.

**In DEVCON**

- If the regulations make the process of obtaining permits and licences for a project more expensive, for example by demanding greater investments in interconnection works, the margins of our DEVCON division could be reduced.
- In addition, any regulatory change that makes the use of solar PV technology less attractive in the generation market could result in lower growth possibilities for the industry and a lower volume of future business for our DEVCON segment.

**In SVCS**

- No significant regulatory risks are expected.

## OPERATIONAL RISK

Operational risk in the Solarpack Group's activities exists to the extent that the Group carries on industrial power generation activities at its POWGEN division and construction activities when the process of developing a project at its DEVCON division has been completed. The operational risk lies in the impossibility of generating electricity or of completing work on a solar PV plant. In order to minimise these risks, the Solarpack Group takes the following measures:

- Insurance: the vast majority of the aforementioned operational risks can be insured. Thus, during both the operation and the construction of the solar PV solar plants the Group designs a complete insurance programme with insurers of acknowledged solvency in order to adequately cover these risks.

- Quality processes: the company develops operation and maintenance processes suitable for those events not insurable so that breakpoints in generating power are minimal. Also, the Group keeps certain spare parts at plant so that generation outages can be resolved rapidly.

## CUSTOMERS CONCENTRATION

The Solarpack Group operates at its POWGEN division with PPAs for the sale of electricity or with regulatory schemes that in many cases have a principal customer as the buyer of the power (100% in the case of PPAs with a single customer). As regards its DEVCON division, when the Group performs "Build&Sell" projects, high customer concentrations arise as a result of the volume of EPC contracts signed. The SVCS division generally generates less revenue, has greater customer dispersion than the other two divisions and is more stable from one period to the next and, therefore, it is not significant for the purpose of analysing the concentration of the Solarpack Group's customers.

During 2019, the volume of activity in "Build&Sell" projects has increased, as has the activity of the POWGEN division, so the degree of concentration of customers has been determined by these divisions. Specifically, during 2019, 13.6% of the Solarpack Group's turnover was corresponded to 2 POWGEN customers, namely the Indian state-owned electricity companies Southern Power Distribution Company of Telangana, Ltd and Northern Power Distribution Company of Telangana, Ltd. Furthermore, two customers of the DEVCON division, namely Cve Energía Renovable Chile Spa and Generación Fotovoltaica Bargas S.L., accounted for 34.67% of the Solarpack Group's turnover in 2019.

This high concentration of customers is mitigated by the fact that PPAs are long term and oblige the buyer to purchase power during the whole term of the agreements and, therefore, after a PPA has been signed, any loss of business in the future would only arise in the event of the insolvency of the buyer and not as a result of commercial decisions of the latter, once the PPA is signed. In other words, in this case of customers of this nature the risk is more financial and not so much operational, since these two customers that account for a significant percentage of our sales will continue to acquire, for the next 25 years, the electricity that we generate due to the firm obligations provided for in the related PPAs.

In the case of EPC contracts that are usually signed in "Build&Sell" projects, the contracts are also binding on the buyer and have, generally, a completion time of less than 1 year.

# 4.2. FINANCIAL RISKS

## MARKET RISK

### *Interest rate risk*

The existence at the Group of bank borrowings tied to a floating interest rate, as part of the financial debt, means that the Solarpack Group is exposed to the risk of interest rate fluctuations, which directly affect profit or loss and the generation of cash flows. This is made even more significant by the fact that the average term of the Solarpack Group's borrowings is high, due to the relative importance of project finance borrowings.

The objective of the Solarpack Group in this area is to arrange hedging financial instruments, mainly interest rate derivatives (IRSs), which insolvency of the buyer and not as a result of commercial decisions of the latter, and not by the same commercial decisions, once the PPA is signed.

The complete elimination of risk in Project Finance Debt is also undesirable because it introduces barriers to future refinancing or early partial repayments of such debt.

The specific policies that the Solarpack Group aims to apply in this respect are:

- No IRS coverage for variable rate loans or lines of credit with a maturity of 3 years or less.
- IRS coverage by up to 74% of the term and 75% of the outstanding balance in the case of financing with a period exceeding 3 years.

Note 15 to the Consolidated Financial Statements shows the IRSs that the Solarpack Group had arranged at 31 December 2019.

Likewise, there are some currencies, for example the Indian rupee, in which it is difficult to arrange effective IRS coverage and in liquid markets, the Solarpack Group seeks to arrange fixed-rate debt at the longest possible term. The 53,641 thousand India rupees indicated in Note 14 has a fixed interest rate at a term of 10 years from the date of subscription. The Solarpack Group also has debt in Indian rupees equivalent to 13,340 thousand euros at a variable interest rate, associated with its KA2 project.

In addition to the interest rate risk linked to debt, given the nature of its business, the Solarpack Group must manage the interest rate risk as from the signing of a PPA or awarding of a tender for the sale of long-term energy through any regulatory framework, and when it manages to close a financing agreement.

In this case, having used interest rate assumptions when bidding for the PPA or tendering some kind of other bid, there is an interest rate risk that can make the project unfeasible when interest rates have been increased when concluding the financing. To do this, and when there are deadlines longer than 18 months between the signing of the PPA and the closing of the financing agreement, the risk of interest rate sensitivity is analysed in the operation and eventually lead to engaging derivative instruments such as swaptions and IRS forward. This is the case of the Granja Solar project (Chile) that the Solarpack Group built during 2019.

***Risk of exchange rate***

Solarpack Group's activity is highly internationalised and it is therefore influenced by several currencies. Within these currencies, the US dollar and the Indian rupee are particularly significant.

The exchange rate risk is different in each of the Solarpack Group's divisions

POWGEN: In this case, the foreign currency risk arises when the revenue from the sale of electricity is denominated in a currency other than the euro. The Solarpack Group applies the following policies for managing this risk:

- Project Finance Debt must be denominated in the same currency as the long-term revenues of the project in question. Failing that, repayments of Project Finance Debt must be covered by ahedging of long-term exchange rate risk.

- The turnkey EPC construction contract for each new solar PV plant must be in the same currency as the long-term revenues of the project in question. Where this is not possible, the payments under the EPC contract must be hedged with a short-term foreign currency risk hedging instrument with a maximum term of one year.

- Equity investments in SPVs owning solar PV plants whose long-term revenue is denominated in currencies other than the euro or the US dollar must be hedged by foreign currency hedges with a minimum term of one year, and these must be renewed on expiry if the Solarpack Group has retained its investing position and the currency hedges market conditions are favourable. These foreign currency hedges only cover the risk relating to the capital invested in the SPV, and not the latter's profit or loss or dividends.

DEVCON: The exchange rate risk arises when contracts for the development and construction of a project are in a currency other than the euro. The Solarpack Group applies the following policies for managing this risk:

- When the EPC turnkey construction contract is entered into, any supply of equipment or construction and assembly contract denominated in a currency other than that of the EPC must be analysed and, depending on the term, amount and currency risk, a foreign currency derivative must be arranged.

SVCS: In this case, the main risk arises when the currency in which staff costs are denominated is different from that in which the related SVCS contract is denominated. The Solarpack Group applies the following policies for managing this risk:

- For contracts (i) with a term of more than four years; (ii) whose selling price is not indexed to inflation; and (iii) in which the staff costs exceed 40% of the selling price, the foreign currency risk must be hedged.

At 31 December 2019, the Solarpack Group had arranged foreign currency hedging instruments amounting to 105 thousand euros. With respect to the Indian rupee-euro exchange rate hedge to cover the exchange rate risk on the equity invested in the solar plants located in Telangana and Karnataka, India, which have their long-term power sale contracts in Indian rupees, the Solarpack Group is negotiating its extension pending normalisation of liquidity in the Indian rupee-euro futures markets.

If as of 31 December 2019 the euro is devalued/ re-evaluated by 10% vs all the functional currencies other than the euro keeping constant the other variables, equity would have been higher / lower in EUR 6,079 / 6,563 thousand. The detail, by currency, is as follows:

| | Euro | |
|---|---|---|
| | 31.12.2019 | |
| | 10% | (10%) |
| Dollars | (3,590,834) | 2,407,433 |
| Chilean peso | (2,252,529) | 2,752,921 |
| Indian rupee | (721,794) | 920,683 |
| Other currencies | 1,661 | (2,029) |
| **Total** | **(6,563,496)** | **6,079,007** |

If the average exchange rate of the euro in 2018 had been devalued/reassessed by 10% with respect to all functional currencies other than the euro, keeping the rest of the variables constant, the result after tax for the year would have been higher/lower at EUR 299/375 thousand, mainly as a result of the exchange to euros.

The detail, by currency, is as follows:

| | Euro | |
|---|---|---|
| | 31.12.2019 | |
| | 10% | (10%) |
| Dollars | (318,094) | 401,651 |
| Chilean peso | (20,677) | 25,271 |
| Indian rupee | 487,164 | (594,891) |
| Other currencies | 17,149 | (20,959) |
| **Total** | **165,541** | **(188,928)** |

Except for the risk explained above, there are no significant changes with respect to what was indicated in the management report of 31 December 2018.

***Financial instrument price risk***

The Company's exposure to risk regarding the price of equity securities is zero because no investments held by the Solarpack Group and classified in the consolidated balance sheet as available-for-sale or at fair value through profit or loss are available.

***Commodities price risk***

Within the POWGEN division and given the renewable nature of the Solarpack Group's power generation business, there is no exposure to the price of raw materials used in the production process.

The DEVCON division does have slight exposure to commodity price risk relating to raw materials such as steel or zinc, in the supply of metallic structures and profiles in the construction of its projects, but it is not material and the contracts for the supply of these materials are generally negotiated at fixed prices.

The SVCS division is not exposed to any input that might have an impact on the risk of the activity due to changes in raw material prices.

### *Credit risk*

Note 9 to the Consolidated Financial Statements shows the balances of Trade and other receivables. In addition, Note 11 to the Consolidated Financial Statements shows the balances of Cash and Cash Equivalents. Credit risk arising from cash and cash equivalents and deposits with banks and financial institutions is considered insignificant due to the credit quality of the banks with which the Group operates or the cash equivalents in which it has investments. With regard to credit risk relating to receivables, it is not considered that there is a high credit risk as these are relevant companies in each of the countries in which these plants operate, with high credit quality, and therefore there are no specific hedges to cover this risk. 35.61% of receivables are concentrated in the companies of the POWGEN division. These companies are mostly public or private electricity distribution companies. 63.52% of the volume of receivables is concentrated in the companies of the DEVCON division, concentrated in 2 customers, specifically Cve Energía Renovable Chile Spa and Generación Fotovoltaica Bargas S.L.

At 31 December 2019, the Group has recognised an impairment loss of 271 thousand euros in respect of receivables and cash in accordance with the criteria indicated in Note 2.1, taking into account the credit analysis of its positions in these assets.

### *Liquidity risk*

Liquidity risk is addressed in detail in section 3, Liquidity.

# 5. STRONG COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

## 5.1. STRATEGIC PILLAR OF SOLARPACK

**Solarpack's social responsibility also entails the cultural, governance and people aspects explained in previous chapters of the report.**

In December 2017, Solarpack's Board of Directors approved (i) a Quality, Environment and Health and Safety Policy, as well as (ii) a Corporate Social Responsibility Policy.

Both policies are published on our website (www.solarpack. es) so that they are accessible to any person or entity relating to us or over whomever our activity affects.

*The information included in this section also includes information necessary to understand the development, results and situation of the group and the impact of its activity with respect to at least environmental and social issues, as well as issues relating to personnel, respect for human rights and the fight against corruption and bribery; all in accordance with the principles established in Royal Decree-Law 18/2017 of 24 November, amending the Code of Commerce, the revised text of the Law on Corporations approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, with regard to non-financial information and diversity.*

## Basic pillars of our Quality, Environment and Health and Safety Policy

### QUALITY

Prioritising quality, understood as the fulfilment of the customer's requirements and the satisfaction of a job well done, being able to meet their needs and expectations and anticipating possible changes, acting at all times with professionalism, ethics and transparency.

### MANAGEMENT SYSTEM

Establishing management systems based on continuous improvement and the setting of appropriate objectives to optimise performance.

### MITIGATING RISKS

Identifying, evaluating, prioritising and mitigating the Health and Safety risks associated with the activities undertaken and the workplaces where they are carried out, with a preventive purpose.

### HEALTH AND SAFETY

Prioritising and giving high visibility to Health and Safety practices at Solarpack, adequately informing workers about the risks they may be subjected to.

### ENVIRONMENT

Preventing pollution and protecting the environment by identifying and minimising the environmental impact of our activities, with a sustainable use of resources and the best technologies and practices available.

### EMPLOYEE PARTICIPATION

Achieving the active and responsible involvement of all Solarpack employees, promoting personal development, teamwork and adequate training to facilitate their performance and participation in the continuous improvement of the Company's management.

### CONTRACTOR PARTICIPATION

Involving our contractors in our commitment to quality, environment and health and safety, within the process of project implementation.

### COMPLIANCE

Guaranteeing compliance with applicable legislation, customer requirements and other minimum requirements that the company subscribes to in each and every country where SOLARPACK works.

## CSR POLICY

**The policy of Corporate Social responsibility (CSR) of Solarpack, born from the business values and commitments that we assume with our groups of interest and the community, which are detailed below:**

### COMPLIANCE

Complying with current legislation in the countries in which we operate, adopting, complementarily, international standards and guidelines where there is no adequate legal framework.
No employee will knowingly collaborate with third parties in violation of any law, nor participate in any action that compromise the respect for this principle of legality.

### HUMAN RIGHTS

Rights Statement and, in particular, those whose violation degrades to the workers collective, rejecting child and forced or compelled work.

### FAVOURABLE LABOUR FRAMEWORK

Developing a favourable framework for labour relations based on equal opportunities, non-discrimination and respect for diversity, promoting a safe and healthy work environment and facilitating communication between the human team of Solarpack.

### INTEGRITY

Reaffirming integrity as a one of the main principles of the Solarpack culture.

### ETHICS

Acting ethically in all our internal and external relationships.

### AVOID CONFLICTS OF INTEREST

Treating them appropriately when they occur.

### DEVELOPMENT

Contributing to the development of social environments in which we operate respecting the signs of identity of the local communities and maintaining a permanent dialogue with all groups of interest, adding their expectations to projects.

### SOCIAL WORK

Focusing our Social Work on meeting needs and promoting our values in the environments where our work centres, facilities and offices are located.

### PARTICIPATION

Involving collaborators in all activities derived from these values and commitments, by communicating, instructing and demanding compliance in all activities developed in Solarpack.

**GIVEN THE NATURE OF OUR BUSINESS, OUR ACTIVITIES AND RESPONSIBLE MANAGEMENT PROCEDURES DEVELOPED, FROM SOLARPACK WE ARE ESPECIALLY ALIGNED WITH THE FOLLOWING SUSTAINABLE DEVELOPMENT GOALS**


# 5.2. HEALTH AND SAFETY

The prevention of occupational risks is a very relevant aspect in construction, operating and maintenance activities. Therefore, in undertaking these activities, the company is very active providing training and promoting the awareness of our employees, who are responsible for their own safety, as well as well as that of other subcontractors working at the facilities owned by the Solarpack Group. Access control, induction talks and the adequate supply of protection equipment is part of the day to day of our activity.

Solarpack makes use of computerised recruitment systems at its sites, which help to keep a proper control of the working conditions of the employees of its subcontractors. These platforms also allow for standardised metrics that help the company to improve in all aspects related to the health and safety of its own workers and those of third parties on site.

In 2019, Solarpack has registered a monthly average of 675 own and third-party workers in its constructions*, with a total dedication of 889,353 hours.

Solarpack's Board of Directors monitors and reviews all Health and Safety incidents and accidents in the Company on a quarterly basis. During both fiscal year 2018 and 2019, there were no accidents or incidents classified as fatal.

**Our commitment is to ensure a workplace free of accidents and occupational diseases for all workers in a healthy environment of coexistence and care for their own property and that of others.**

*Consider the Granja, Bellavista, Tircahue, Grullas and Monclova projects.

**OUR ACTIONS**

- **Facilitating compliance with the provisions.**
- **Encouraging a proactive attitude towards personal health and safety.**
- **Protecting the integrity and health of the workers involved through the application of preventive measures.**
- **Promoting safety as the first priority in the design, planning, training and undertaking of work.**
- **Encouraging workers to use safe and clean work practices.**
- **Describe and detail the key risks of the projects.**
- **Implementing measures to avoid, minimise, compensate and/or mitigate risks.**
- **Defining responsibilities related to the development and implementation of risk control measures.**
- **Developing a control measure monitoring programme for the project.**

## 5.3. COMMUNITY RELATIONSHIPS

**In undertaking our projects, we always maintain a fluid dialogue with the communities where we are operating. Thus, the company integrates into its works its own community relations personnel so that in each project a plan with specific actions is designed and carried out.**

- Managing communications and community relations both internally and between the company, contractors and workers, and the community.
- Developing programmes to promote local employment and the development of local suppliers.
- Developing housing programmes for workers.
- Establishing a code of conduct and a monitoring and citizen surveillance programme.
- Implementing a mechanism to receive feedback from Solarpack workers. Implementing a mechanism to receive feedback and complaints from the community where the project is taking place.
- In 2019, a total of 7 complaints were recorded in the constructions carried out by the Group, all of which were resolved.
- Generating continuous and fluid communication between the Company, the populations close to the area of influence and the local authorities.
- Disseminating the importance of the use of alternative energies, specifically the use of solar energy and its operating process and contribution to local and international development.
- Training workshops for schools.

### SUPPLIERS

In all contracts we introduce annexes with environmental, social and health and safety clauses that include our environmental, social and health and safety plans, as well as the documentary requirements in these areas.

**Solarparck, as a solid and solvent company capable of undertaking quality projects, is firmly committed to directly contributing to the social development of the communities and markets in which we operate, not only by creating economic value, but also by generating quality employment and through the social projects we promote.**

## GRANJA SOLAR PROJECT

The Granja Solar Project is among those that Solarpack has undertaken in 2019. The project, undertaken in the commune of Pozo Almonte in Chile, is an example of the link that Solarpack forges with the communities where it starts PV solar plant projects.

On a social level, the Granja Solar stands out due to several projects it has carried out with the local communities in the surrounding area. The most significant of these are listed below:

**"Techo Seguro" Project (safe housing project)**

Solarpack collaborates in the supply of materials for the construction of houses or emergency units in communities throughout the province of Tamarugal. This population is affected every year by the rains of the high plateau winter that occur from December to March.

The aim is to protect people, mostly the elderly, from the rain, as their homes are often not prepared for storms.

The **Pintados "Oasis of the Desert" School**, was founded in 1994 in the town of Pintados, with children from the first to the eighth grade (primary). So far it has 84 enrolled students and more than 20 teachers.

Solarpack is undertaking a project that consists of the electrical standardisation of the school as well as the installation of a photovoltaic plant to complement said consumption at the school.

The Solarpack **local employment and local development** programme establishes communication channels between Company, area community and local authorities to promote local employment as well as the hiring of local suppliers.

## LA CHINITA PROJECT (CHILE)

The self-supply project of "La Chinita" kindergarten is located in the area of influence of the projects of Pozo Almonte Solar 2 and Pozo Almonte Solar 3, in La Tirana, in the commune of Pozo Almonte.

The objective of this project is to provide the kindergarten with a continuous power supply, as the public supply suffers from blackouts that affect the conservation of food, office operations, etc.

For this project, 6.5 kWp, 20 panels of 325 Wp from Canadian Solar, were installed.

On 21 June 2019, the self-supply facility of "La Chinita" kindergarten was launched.

## CRISTO REY CENTRES IN PERU

The Cristo Rey Centre of the Jesuits of Peru welcomes people in situations of exclusion and poverty, especially disadvantaged children. It offers food, personal development and social skills workshops.

Through its social inclusion programmes (comprehensive educational development, access to justice programme, school reintegration, participation programmes and social care programmes), it promotes the development of their personal skills in order to provide them with access to better social and employment opportunities in the future.

Solarpack backs and supports this social and solidarity initiative by providing annual financial resources that are being allocated to the development of the city centre in Tacna, southern Peru.

More information at:
www.elcentrocristorey.org

## TELANGANA, INDIA

Solarpack provides financial resources to the municipality of Telangana for the installation of security cameras in the communities that are close to its facilities, in order to improve the security of those living in the community.

Solarpack continues to contribute in different projects for:

- Promoting preventive health care.
- Promoting education.
- Promoting gender equality.
- Promoting measures to reduce social and economic inequalities that affect groups and disadvantaged communities.
- Contributing to environmental sustainability, ecological balance and the well-being of the animals.

## SCHOOLS WITHOUT VIOLENCE

The mission of the Centre for Education, Organisation and Promotion of Development in Ilo (CEOP Ilo), Peru, an institution promoted by the Society of Jesus, is to promote public policies aimed at fostering a fair, equitable and supportive society in the region of Moquegua.

Thus, it undertakes support work geared towards the community in three main ways: microcredits for small businesses to strengthen the family economy, entrepreneurial grants and complementary courses.

Solarpack collaborates with CEOP Ilo in its programme "Schools without Violence" which aims to eradicate this scourge from schools and institutes in the southern provinces of Peru.

More information at:
www.ceopilo.org.pe/

## SCHOOL VISITS TO THE POZO ALMONTE PLANTS IN CHILE: 80 STUDENTS

# 5.4. SOCIAL COMMITMENT SUPPORTING THE EKI FOUNDATION

**The main aim of the Eki Foundation is to eradicate extreme poverty in the world. Its activity focuses on supplying autonomous electric energy sources (mainly solar photovoltaic), prioritising projects in educational, health and social interest centres in developing countries, mainly in sub-Saharan Africa and South America.**

Solarpack collaborates with the EKI Foundation in local actions, with associations such as Bakuva, a non-profit association dedicated to the social integration of children in the Bilbao La Vieja neighbourhood, and the Doniene Abesbatza choral group in Leioa, the aim of which is to disseminate the foundation's mission and the impact of its projects in the communities where it operates.

During 2019, the EKI Foundation, with the collaboration of Solarpack, sent three installations to the Bana Poveda Mercy Home and Orphanage in the Democratic Republic of Congo and to the Home of Las Clarisas in Sierra Leone.

Currently, there are five projects ongoing in Malawi, Cameroon and Sierra Leone.

More information at:
www.fundacioneki.org

***Founded in 2017 on the initiative of Solarpack's shareholders, it is a totally independent institution. It has its own full-time staff and Solarpack staff usually collaborate in its projects.***

## SPONSORSHIPS

### LO QUE DE VERDAD IMPORTA FOUNDATION *(WHAT REALLY MATTERS FOUNDATION)*

Solarpack supports activities aimed at educating and training young people and employees of companies, as well as international cooperation actions, such as volunteering in Africa.

More information at:

www.loquedeverdadimporta.org

### GETXO ERRUGBIA

Solarpack has signed a sponsorship agreement with Getxo Errugbia for the 2018-2019 and 2019-2020 seasons. Getxo's top rugby team is one of the traditional teams in national rugby and has a long tradition in our city.

The sponsorship relates to shared values where effort, competitiveness and courage are not at odds with the nobleness, fair play and respect that both players and fans display in the sport, both in the local and regional leagues, as well as in the major international leagues and competitions.

Getxo Errugbia also does a commendable job in promoting women's rugby, children's rugby and inclusive rugby.

### HORIZONTE ELCANO

Solarpack collaborated in one of the most colourful naval shows of recent decades. This is an initiative that paid tribute to Juan Sebastáin Elcano on the Basque coast on July 6 and 7 2019. The event, called 'Horizonte Elcano', brought together for the first time the four shipping areas (merchant, fishing, navy and sports) to celebrate the sailor who in 1522 completed the first round-the-world trip.

***Our commitment to creating value for society***

# 5.5. ENVIRONMENT

The environmental impact of the Solarpack Group is reduced as it is active in the field of solar PV energy projects. As is widely known, this technology allows the generation of significant volumes of electrical energy using a renewable resource and free of harmful emissions to the environment. Our activity is therefore at the forefront of the fight against climate change through the energy-mix investment of countries towards non-polluting sources.

However, when planning and building a new solar PV generation project, environmental considerations are of great importance and are present in the decision-making process on an ongoing basis. Solarpack must pass strict environmental controls by public authorities prior to commencing construction on any solar PV project.

On a voluntary basis, the Company applies the “IFC Performance Standards” to projects located in developing countries as a tool for controlling and monitoring environmental and social risks in the construction of new solar PV generation plants. This tool is universally known in the project funding industry and fills the regulatory gap that many developing countries have, ensuring proper environmental and social management of projects in all cases.

Solarpack has standardised internal procedures to monitor the main environmental variables in the projects it undertakes.

Solarpack’s capabilities and experience in this field are backed by project financing that has been implemented by rigorous multilateral institutions such as the IADB, OPIC, CAF, Proparco and KFW.

## OUR ACTIONS

- Describing and detailing any key impacts and risks of the project.
- Implementing environmental and/or social measures to avoid, minimise, compensate and/or mitigate any key impact and risk.
- Pointing out the company's responsibilities related to the drawing up and implementation of environmental measures.
- Developing measures to ensure the health and safety of workers and the community where we are operating.
- Developing a programme for monitoring the environmental and/or social measures for the project, which entails community participation.

## 2019 INDICATORS[1]

| Indicator | Unit | Total 2019 |
|---|---|---|
| Drinking Water Consumption | $m^3$ | 111 |
| Industrial Water Consumption | $m^3$ | 18,595 |
| Fuel Consumption | l | 419,872 |
| Waste/topsoil | $m^3$ | 1,656 |
| Urban solid waste | T | 853 |
| Liquid waste | $m^3$ | 563 |
| Other non-hazardous waste | T | 2,185 |
| Defective modules | Unit | 533 |
| Concrete remains | $m^3$ | 270 |
| Hazardous waste (used oils, contaminated containers, contaminated materials, aerosols, contaminated soil): | T | 0.15 |

1. Including the Granja, Tricahue, Bellavista, Monclova and Grullas projects

# 6. BUSINESS PERFORMANCE AND RESULTS

## 6.1. ACTIVITY INDICATORS

### PROGRESS UPDATE OF THE ONGOING PROJECT PORTFOLIO

As of 31 December 2019, Solarpack had a **Pipeline** of 1,609 MW and 4,799 MW of **Identified Opportunities**.

With respect to the **Backlog,** on 31 December 2019, it consisted of 138 MW.

The projects **Under Construction** of the Group, totalled a capacity at 31 December 2019 of 350 MW. Specifically, these were the Alvarado, Bargas and Algibicos projects in Spain, KA2- AFZ in India and Granja in Chile, although the latter is already in operation as of the date of this report.

## UNDER CONSTRUCTION:

| Name | Country | MW | Category | Terrain | Interconnection | Environmental Permits | Financing | PPA/regulated tariff | Operation commencement |
|---|---|---|---|---|---|---|---|---|---|
| KA2-AFZ | India | 21.8 | Build and Own | Obtained | Obtained | Obtained | In progress | In progress | 2020 |

| Name | Country | MW | Category | Terrain | Interconnection | Environmental Permits | Financing | PPA/regulated tariff | Operation commencement |
|---|---|---|---|---|---|---|---|---|---|
| Alvarado | Spain | 100.0 | Build and Sell | Obtained | Obtained | Obtained | Obtained | Obtained | 2020 |
| Bargas | Spain | 50.0 | Third party EPC | n/a | n/a | n/a | n/a | Obtained | 2020 |
| Algibicos | Spain | 49.1 | Third party EPC | n/a | n/a | n/a | n/a | Obtained | 2020 |

**The progress status of the projects under construction and in Backlog is as follows.**

## BACKLOG:

| Name | Country | MW | Category | Terrain | Interconnection | Environmental Permits | Financing | PPA/regulated tariff | Operation commencement |
|---|---|---|---|---|---|---|---|---|---|
| Suria Sungai Petani | Malaysia | 116.0 | Build and Own | Secured | Secured | Obtained | In progress | Obtained | 2021 |

| Name | Country | MW | Category | Terrain | Interconnection | Environmental Permits | Financing | PPA/regulated tariff | Operation commencement |
|---|---|---|---|---|---|---|---|---|---|
| Quinantu | Chile | 11.7 | Build and Sell | Obtained | Obtained | Obtained | Obtained | Obtained | 2020 |
| Panimávida - PMGD SIC SING | Chile | 10.0 | Build and Sell | Obtained | Obtained | Obtained | Obtained | Obtained | 2020 |

"Obtained" refers to the signing of the relevant agreement or the granting or completion of the permit and approval, as applicable; "Secured" refers to the stage where we have received the authorisation to grant the relevant permit and approval, as applicable, or have reached business agreement on the relevant contracts, but the signing or final notification is pending; "Submitted" refers to the submission of the required documents to the relevant authority as required by local laws or applicable counterparts; "In progress" refers to the preparation of the underlying documentation and the ongoing negotiations.

# 6.2. POWER GENERATION ASSETS

**At 31 December 2019, Solarpack's operating portfolio consisted of 14 projects distributed among Spain, Peru, Chile and India with a total gross capacity of 417 MW and a total annual production of 814 GWh*. At that date, the Granja project in Chile was also close to coming into operation, having already completed interconnection tests as of the date of this report, which has an installed capacity of 123 MW and will produce around 340 GWh annually.**

** Consider the annual production estimate for Monclova, Grullas, Granja and KA2.*

## ISLA MAYOR
### SPAIN

**34.29%**
Solarpack property[1]

**8.4**
Capacity (MW)

**15.8**
Annual production (GWh)

**December 2007**
Operating commencement date

**December 2037**
PPA/FIT expiry date

**Spain[2]**
Name of the power purchaser

1. Solarpack owns 100% of the shares of SPVs, owners of facilities totalling 2.9 MW and which account for 34.29% of the total Isla Mayor project.

## LEBRIJA
### SPAIN

**46.88%**
Solarpack property[1]

**3.8**
Capacity (MW)

**7.3**
Annual production (GWh)

**December 2007**
Operating commencement date

**December 2037**
PPA/FIT expiry date

**Spain[2]**
Name of the power purchaser

1. Solarpack owns 100% of the shares of SPVs, owners of facilities totalling 1.8 MW and which account for 46.88% of the total Lebrija project.

## LLERENA 1
### SPAIN

**82.50%**
Solarpack property[1]

**4.8**
Capacity (MW)

**9.2**
Annual production (GWh)

**December 2007**
Operating commencement date

**December 2037**
PPA/FIT expiry date

**Spain[2]**
Name of the power purchaser

1. Solarpack owns 100% of the shares of SPVs, owners of facilities totalling 3.96 MW and which account for 82.50% of the total Llerena 1 project.

2. Regulated tariff. It refers to the electronic system.

## LLERENA 2
### SPAIN

**70.00%**
Solarpack property[1]

**4.1**
Capacity (MW)

**9.7**
Annual production (GWh)

**December 2007**
Operating commencement date

**December 2037**
PPA/FIT expiry date

**Spain[2]**
Name of the power purchaser

1. Solarpack owns 100% of the shares of SPVs, owners of facilities totalling 2.9 MW and which account for 70% of the total Llerena 2 project.
2. Regulated tariff. It refers to the electronic system

## TACNA
### PERU

**100.00%**
Solarpack property

**22.2**
Gross capacity (MW)

**47.3**
Annual production (GWh)

**December 2012**
Operating commencement date

**December 2032**
PPA/FIT expiry date

**Republic of Peru**
Name of the power purchaser

## GUIJO DE CORIA
### SPAIN

**96.50%**
Solarpack property

**6.1**
Capacity (MW)

**13.0**
Annual production (GWh)

**August 2011**
Operating commencement date

**December 2041**
PPA/FIT expiry date

**Spain[2]**
Name of the power purchaser

2. Regulated tariff. It refers to the electronic system

## PANAMERICANA
### PERU

**100.00%**
Solarpack property

**21.2**
Capacity (MW)

**50.7**
Annual production (GWh)

**December 2012**
Operating commencement date

**December 2032**
PPA/FIT expiry date

**Republic of Peru**
Name of the power purchaser

## MOQUEGUA
PERU

**19.00%**
Solarpack property

**19.4**
Capacity (MW)

**46.8**
Annual production (GWh)

**December 2014**
Operating commencement date

**December 2034**
PPA/FIT expiry date

**Republic of Peru**
Name of the power purchaser

## PMGD PAS1 CAS1-PSS - CHILE

**80.00%**
Solarpack property

**31.6**
Capacity (MW)

**87.0**
Annual production (GWh)

**June 2017**
Operating commencement date

**n/a**
PPA/FIT expiry date

**Chile**[1]
Name of the power purchaser

1. Regulated tariff. It refers to the national electronic system

## ATACA
CHILE

**19.00%**
Solarpack property

**26.5**
Capacity (MW)

**69.5**
Annual production (GWh)

**December 2004**
Operating commencement date

**March 2034**
PPA/FIT expiry date

**Collahuasi/Codelco**
Name of the power purchaser

## TS1
INDIA

**82.65%**
Solarpack property

**104.0**
Capacity (MW)

**154.7**
Annual production (GWh)

**November 2017**
Operating commencement date

**November 2042**
PPA/FIT expiry date

**Northern/Southern Power Distribution Company of Telangana** Name of the power purchaser

## MONCLOVA
### SPAIN

**100.00%**
Solarpack property

**50.0**
Capacity (MW)

**101.4***
Annual production (GWh)

**December 2019**
Operating commencement date

**December 2044**
PPA/FIT expiry date

**Spain[1]**
Name of the power purchaser

* Estimated production for the first year of operation.

1. Project with 2017 auction entitlement. It refers to the electronic system

## GRULLAS
### SPAIN

**100.00%**
Solarpack property

**62.0**
Capacity (MW)

**122.5***
Annual production (GWh)

**December 2019**
Operating commencement date

**December 2044**
PPA/FIT expiry date

**Spain[1]**
Name of the power purchaser

* Estimated production for the first year of operation.

1. Project with 2017 auction entitlement. It refers to the electronic system

## KA2
### INDIA

**100.00%**
Solarpack property

**53.0**
Capacity (MW)

**79.9***
Annual production (GWh)

**October 2019**
Operating commencement date

**November 2044**
PPA/FIT expiry date

**India**
Gulbarga Electricity Supply Company Ltd. y Mangalore Electricity Supply Company Ltd.

* Estimated production for the first year of operation.

## GRANJA
### CHILE

**100.00%**
Solarpack property

**123.0**
Capacity (MW)

**341.4***
Annual production (GWh)

**February 2020**
Operating commencement date

**December 2040**
PPA/FIT expiry date

**Chile[1]**
Name of purchaser

1. Chilean distribution companies.

* Estimated production for the first year of operation.

# 6.3. KEY FINANCIAL INDICATORS

## OPERATING REVENUE

During 2019, the operating revenue was 89,928 thousand euros, 198.8% more than the 30,101 thousand euros in 2018. This increase was mainly due to the increased activity of the DEVCON division, as a result of the completion of the "Build & Sell" projects in Spain and Chile, and to the increased activity of the POWGEN division, which reflects the contribution to the revenue derived from the purchase of approximately 13 MW in Spain at the end of 2018 and, in addition to the integration of 100% of the Tacna and Panamericana Solar projects from 5 September 2019, following the completion of the acquisition of 90.5% of these projects.

### *Net revenue*

Net revenue increased by 55,918 thousand to 82,825 thousand in 2019 compared to 26,907 thousand euros in 2018, mainly due to the increased activity of the DEVCON and POWGEN divisions, which resulted in increased revenue of 44,099 thousand euros and 35,241 thousand euros, respectively, in 2019, compared to POWGEN's 17,162 thousand euros and DEVCON's 5,848 thousand euros in 2018. This growth was mainly due to the additional revenues generated by the 13 MW acquired in Spain at the end of 2018, as well as the consolidation of the Tacna and Panamericana plants from 5 September 2019. In relation to the revenue of the DEVCON division, which amounted to 44,099 thousand euros in 2019, this was the result of EPC development and construction activities for third parties in Chile and Spain in 2019, compared to 5,848 thousand euros of revenue recognised in 2018 from construction for third parties and the sale of projects in Chile and Colombia. In relation to the SVCS division, we recorded third party revenues of 3,485 thousand euros in

2019, down 412 thousand euros from the 3,897 thousand euros recorded in 2018.

### *Other operating income*

This decreased by 51 thousand euros, or 47%, to 58 thousand euros during 2019, compared to 109 thousand euros in 2018.

### *Change in inventories of finished products and work in progress and work carried out by the company for its assets*

This item increased by 2,497 thousand euros, or 108%, to 4,816 thousand euros during 2019, from 2,319 thousand euros during 2018. This difference is due to the fact that during 2019, construction costs of PV solar plants available for sale in Chile were recorded in inventories.

## OPERATING EXPENSES

Operating expenses increased by 49,431 thousand euros, or 259.2%, to 68,502 thousand euros during 2019, from 19,071 thousand euros during 2018. This increase was mainly due to construction activities related to the plants in Tricahue and Bellavista (Chile), as well as Alvarado and Bargas (Spain) during 2019.

### *Supplies*

The supplies increased to 31,641 thousand euros. This increase was mainly due to construction activities related to the Tricahue and Bellavista (Chile) plants, as well as Alvarado and Bargas (Spain) during 2019, which far exceeded the provisions related to the Calama and Diego de Almagro (Chile) plants that occurred during 2018.

The average payment period to suppliers for 2019 was 44 days, as reflected in Note 16 to the Financial Statements.

### *Staff costs*

Personnel costs increased by 4,882 thousand euros, or 73.1%, to 11,555 thousand euros during 2019, from 6,674 thousand euros during 2018. This was mainly due to the fact that in 2019, 3,521 thousand euros of the multi-year bonus of the management team corresponding to the three-year period 2018-2020 were accounted for and to the growth of the workforce as a result of the intense development and construction activity in 2019 and the structure strengthening of the POWGEN unit. Similarly, during 2018, no personnel expenses were recorded for the multi-year bonus of the management team for the three-year period 2018-2020.

### *Depreciation and amortisation*

The amortisation of the property, plant and equipment increased by 9,090 thousand euros to 12,659 thousand euros during 2019, up from 3,569 thousand euros during 2018. This increase was due to the fact that during 2019 there were more PV solar plants classified as operating assets than during 2018, specifically the 13 MW acquired in Spain and the Tacna and Panamericana (Peru) projects, which were consolidated as of 5 September 2019.

### Other operating expenses and profit/loss

Other operating expenses and profit/loss increased by 1,798 thousand euros to 6,405 thousand euros in 2019, up from 4,607 thousand euros in 2018. This increase is mainly due to the increase in foreign services and taxes endured in 2019, which were strongly offset by the income related to the purchase of Tacna and Panamericana for a lower value than the one recorded in the books, as described in Note 2.8 to the Financial Statements.

### Finance income and costs

In 2019, the net financial income was negative by 9,296 thousand euros, a decrease of 3,759 thousand euros, from a negative net financial income of 5,537 thousand euros in 2018. This decrease in net financial income was due to higher interest expenses in 2019 of 4,819 thousand euros, mainly due to the higher drawn down amount of Project Finance Debt, compared with 9,175 thousand euros of interest expenses in 2018, which were partially offset by (i) other lower financial expenses in 2019 of 644 thousand euros and (ii) higher financial income of 415 thousand euros in 2019 compared with financial income of 653 thousand euros in 2018.

### Income tax

In 2019, the Solarpack Group recognised income tax of 321 thousand euro, 26 thousand euro more than the 295-thousand-euro income tax recognised in 2018.

### Profit/loss for the year

As a result of the above, the profit/loss for the year increases to 11,997 thousand euros during 2019, up from 5,559 thousand euros during 2018.

### Investments/divestments

At 31 December 2019, property, plant and equipment amounted to 476,890 thousand euros, 301,755 thousand more than at 31 December 2018. The main reasons for this increase are (i) the acquisition of the Tacna and Panamericana Solar plants in Peru, which added 126,544 thousand euros to property, plant and equipment; (ii) the construction and start-up of the Monclova, Grullas-Pedroso and Grullas-Peñaflor plants in Spain, which added 81,521 thousand to property, plant and equipment; (iii) the construction and start-up of the 53 MW of KA2 in India, which added 25,353 thousand euros to property, plant and equipment; and (iv) the construction of the 123 MW of Granja in Chile, which added 69,363 thousand to property, plant and equipment, as described in Note 6 to the Financial Statements.

### *Segment reporting*

Note 5 to the Consolidated Financial Statements provides a detailed explanation of the performance of the business in terms of the amount of operating revenue, gross margin and consolidated profit/loss from operations, segmenting the information by each of the three divisions, and the manner in which this information is prepared and reconciled to the IFRS figures through adjustments and eliminations, the details of which are provided in said Note. The reasons for this and the use of this segmented information are also explained in Note 5.

**These corresponding data for 2019 are shown below for comparison with 2018:**

**EUROS**

**31.12.2019**

| | DEVCON (A) | SVCS (B) | Corporate (C) | Total Aggregate (A+B+C=D) | POWGEN (E) | Total Aggregate (D+E=F) | Eliminations (G) | Total (F+G) |
|---|---|---|---|---|---|---|---|---|
| **Operating revenue** | **220,500,349** | **8,240,405** | **-** | **228,740,754** | **35,212,485** | **263,953,239** | **(174,025,697)** | **89,927,541** |
| External clients | 42,160,933 | 4,057,119 | - | 46,218,052 | 35,212,485 | 81,430,536 | 1,452,837 | 82,883,374 |
| Related-party clients | 178,339,416 | 4,183,286 | - | 182,522,702 | - | 182,522,702 | (175,478,534) | 7,044,168 |
| **Operating expenses** | **(208,593,513)** | **(6,082,273)** | **(1,067,991)** | **(215,743,777)** | **(10,194,216)** | **(225,937,993)** | **157,435,983** | **(68,502,009)** |
| Direct costs | (198,704,157) | (5,599,283) | - | (204,303,440) | (4,618,450) | (208,921,890) | 157,048,399 | (51,873,491) |
| SGA | (8,035,635) | (467,469) | (1,067,991) | (9,571,094) | (318,884) | (9,889,978) | 103,231 | (9,786,747) |
| Depreciation and amortisation | (15,081) | (15,521) | - | (30,602) | (13,090,551) | (13,121,153) | 462,470 | (12,658,683) |
| Impairment and other accounting results | (1,838,640) | - | - | (1,838,640) | 7,833,669 | 5,995,029 | (178,117) | 5,816,912 |
| **OPERATING REVENUE - EBIT** | **11,906,836** | **2,158,132** | **(1,067,991)** | **12,996,977** | **25,018,269** | **38,015,246** | **(16,589,714)** | **21,425,532** |

**EUROS**

**31.12.2018**

| | DEVCON (A) | SVCS (B) | Corporate (C) | Total Aggregate (A+B+C=D) | POWGEN (E) | Total Aggregate (D+E=F) | Eliminations (G) | Total (F+G) |
|---|---|---|---|---|---|---|---|---|
| **Operating revenue** | **13,536,447** | **4,576,852** | **-** | **18,113,299** | **20,751,144** | **38,864,444** | **(8,763,828)** | **30,100,615** |
| External clients | 6,360,446 | 3,761,166 | - | 10,121,612 | 20,751,144 | 30,872,756 | (4,167,275) | 26,705,481 |
| Related-party clients | 7,176,001 | 815,686 | - | 7,991,687 | - | 7,991,687 | (4,596,553) | 3,395,134 |
| **Operating expenses** | **(13,595,192)** | **(3,275,621)** | **(1,410,971)** | **(18,281,783)** | **(8,278,825)** | **(26,560,609)** | **7,489,530** | **(19,071,079)** |
| Direct costs | (10,019,556) | (2,809,409) | - | (12,828,964) | (1,923,338) | (14,752,303) | 4,666,800 | (10,085,503) |
| SGA | (3,566,607) | (439,160) | (1,410,971) | (5,416,738) | - | (5,416,738) | - | (5,416,738) |
| Depreciation and amortisation | (9,029) | (27,052) | - | (36,081) | (6,355,487) | (6,391,568) | 2,822,730 | (3,568,838) |
| **OPERATING REVENUE - EBIT** | **(58,745)** | **1,301,231** | **(1,410,971)** | **(168,484)** | **12,472,320** | **12,303,836** | **(1,274,298)** | **11,029,538** |

**The year 2019 analysed by segment was characterised by:**

- A high level of activity in the DEVCON segment, which compared to 2018 is the main reason for the increase in operating revenue and EBIT. The main activity consigned during 2019 is related to the execution of the construction of the Granja, Tricahue and Bellavista projects in Chile, Monclova and Grullas, Alvarado and Bargas in Spain and KA2 in India.

- A very significant increase in operating revenue and EBIT in the POWGEN division, as the 13 MW acquired in Spain at the end of 2018 have been generating energy and operating revenue throughout 2019 since the same month of January and the Tacna and Panamericana projects have contributed 100% to the segments since 5 September 2019, when the purchase of 90.5% of these projects in Peru was closed.

- An increase in SVCS activity, specifically 80.0% in operating revenue and 65.9% in EBIT, due mainly to the entry of new service contracts associated with projects put into operation in 2019 and non-recurring revenue in Peru of nearly 490 thousand euros in 2019 that did not arise in 2018.

- As for the structure costs, these show a reduction from 1,411 thousand in 2018, to 1,068 thousand in 2019. This was due to the fact that the higher structural costs arising from the Board of Directors and the status of Solarpack Corporación Tecnológica, S.A. as a listed company did not offset the extraordinary expenses related to the IPO process that took place in 2018.

# 7. LIQUIDITY AND CAPITAL RESOURCES

## LIQUIDITY

Prudent liquidity risk management involves maintaining sufficient cash and the availability of financing through a sufficient amount of credit facilities. In this sense, the Solarpack Group's strategy is to maintain, through its financial department, the necessary flexibility in financing through the availability of credit lines.

Note 4.1 to the Consolidated Financial Statements shows the liquidity reserve of the Solarpack Group at 31 December 2019, compared with 31 December 2018. This reserve amounts to 50,521 thousand euros, having decreased by 67,888 thousand since the end of 2018, the main changes being the decrease in cash and cash equivalents, together with the decrease in other short-term financial assets and undrawn credit lines.

However, part of this liquidity, specifically 33,549 thousand euros at 31 December 2019, is in various SPV of the POWGEN division. This cash cannot be used for needs other than those of each project or SPV; this is a consequence of the obligations governing the long-term financing agreements of the aforementioned plants. It should be noted that the priority for using this liquidity is to pay its operating expenses and then the service of its Project Finance Debt. This liquidity may be used by DEVCON and SVCS divisions when conditions are met to allow cash distributions from projects to shareholders/partners. That said, the directors consider that the levels of the liquidity reserve that can be used by the DEVCON and SVCS divisions, specifically 16,972 thousand euros at 31 December 2019, are sufficient for their operating needs and for their ambitious investment plan described in section 10 of this report.

Note 4.1 to the Consolidated Financial Statements also shows the status of Working Capital Fund of the Solarpack Group at 31 December 2019, compared with 31 December 2018. In this sense, the composition of the Working Capital Fund has been very substantially altered due to the reduction of cash and other liquid means as a result of the strong investment made in the "Build&Own" projects built during 2019 and in the purchase of the Tacna and Panamericana projects. On the other hand, this reduction in the Working Capital Fund has been offset by trade and other receivables, the construction of the PV solar plants available for sale in Chile, advances received under construction contracts and the drawdown of credit lines to finance construction work carried out during 2019.

Considering these effects, the Working Capital Fund decreases from 90,870 thousand at 31 December 2018 to 15,526 thousand at 31 December 2019.

Although the size of Working Capital Fund taken in isolation is not a key parameter for understanding the Group's Consolidated Financial Statements and related explanatory notes, the Group actively manages Working Capital through net working capital and net current and non-current financial debt, on the basis of the solidity, quality and stability of the relations with its clients and with the partners with whom it has made investments in other countries, as well as an exhaustive monitoring of its situation with the financial institutions.

Note 14 to the Consolidated Financial Statements shows the liquidity reserve of the Solarpack Group at 31 December 2019, compared with 31 December 2018. The indebtedness was mainly increased by the Project Finance Debt associated with the "Build&Own" projects of Granja in Chile, Grullas and Monclova in Spain and KA2 in Chile.

On the other hand, in line with the increase in fixed assets due to the acquisition of the Tacna and Panamericana projects in Peru, the debt associated with these projects has contributed to the increase in debt

compared with that at 31 December 2018. In addition, the acquisition of these projects in Peru required the disbursement of a bridge loan with Banco Santander for 30 million US dollars, which also helped to increase debt.

As a result, total debt increased by 280,700 thousand euros, from 155,348 thousand at 31 December 2018 to 436,048 thousand at 31 December 2019.

In view of the above, the directors believe that there is no relevant liquidity risk.

## CAPITAL RESOURCES

The Group's objectives in relation to capital management are to safeguard the ability of the Group to continue as a going concern, to provide a return to its shareholders and to maintain an optimal capital structure by reducing capital costs.

The division that most conditions the capital structure is that of POWGEN. This is due to the high level of investment required and the high visibility of long-term cash flows it offers. It is therefore common for investments in this POWGEN division to be financed in proportions of around 75% by long-term debt with limited guarantees. This long-term debt has ample guarantees for the PV solar plant it finances, but generally speaking it has no guarantees from the shareholders (hereinafter referred to as "Project Finance Debt"). Therefore, most of the Solarpack Group's debt is contracted in watertight compartments, and any problems in repaying a Project Finance Debt contract would not affect any of the Solarpack Group's assets other than those belonging to the PV solar plant whose Project Finance Debt has repayment difficulties.

Capital resources are monitored by the Solarpack Group in accordance with the leverage ratio. Note 4.3 to the Consolidated Financial Statements shows the leverage ratio, which is calculated as net financial debt divided by total capital employed in the business. Thus, the leverage ratio has increased from 0.24 at 31 December 2018 to 0.70 at 31 December 2019. The main reason for this increase has been the disbursement of new Project Finance Debt associated with the Granja, Grullas, Monclova and KA2 projects, as well as the consolidation of the Project Finance Debt and the bridge loan associated with the purchase of Tacna and Panamericana in Peru.

Also contributing to this increased leverage has been the availability of credit lines available for project construction, as well as the VAT loans for Granja, Grullas and Monclova's investment.

This level of leverage is below the usual leverage ratio of 0.75 in the POWGEN division, indicating that additional capital resources are available to DEVCON and

SVCS divisions and that the company is in a position to execute its ambitious investment plan referred to in section 10 of this report.

## ANALYSIS OF CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET TRANSACTIONS

Note 23 to the Consolidated Financial Statements shows the main items related to this heading. In this regard, it should be noted that there are no investment commitments at 31 December 2019, although the information contained in heading 10 of this report should be considered for this purpose, with regard to the investment in new solar PV generation plants that the Group intends to build in 2020.

With respect to contractual lease obligations, the Solarpack Group leases most of the land on which its solar PV generation plants are located, except for the land corresponding to its assets in Telangana and Karnataka, India. These leases are long-term, but most can be terminated by the lessee in the event of cessation of power generation activity. Before PV solar power plants are built and commissioned, the leases are essentially lease options for the lessee and therefore do not entail any material contractual obligations.

As regards off-balance sheet transactions, the vast majority correspond to guarantees and surety insurance linked to the various activities of the Solarpack Group's divisions. Note 23 to the Consolidated Financial Statements sets out information on the sum of these obligations. The division that requires the greatest number of guarantees for its activity is DEVCON. In this regard, it is common to need to provide guarantees or surety insurance in electricity supply tenders in order to obtain new PPAs, or to request grid connection points. Likewise, the construction activity requires guarantees that we provide as a turnkey builder, as a guarantee of the obligations to which we commit ourselves in the framework of EPC contracts.

# 8. IMPORTANT EVENTS AFTER YEAR-END

After year-end, there have been changes in the Board of Directors: On 15 January 2020, the Solarpack Group announced the decision to appoint Mr Ignacio Artázcoz Barrena as the new executive chairman of the company, an appointment that will take effect at the end of the 2020 GSM. Since his incorporation on 15 February 2020, Mr. Ignacio Artázcoz Barrena has shared executive tasks with the co-founder and CEO, Mr Pablo Burgos Galíndez. Mr José Galíndez Zubiría, co-founder and chairman of the Company since 2005, will continue to be linked to Solarpack as vice-chairman of the Board and president of the new strategy and investment committee.

Similarly, on 15 January 2020, the Board of Directors decided to appoint Ms Begoña Beltrán de Heredia chairwoman of the Audit Committee and she continues to be a member of the Appointments and Remuneration Committee. Furthermore, it also decided to appoint Ms Gina Domanig chairwoman of the Appointments and Remuneration Committee, new member of the Audit Committee and member of the new Strategy and Investment Committee.

In addition, the Board of Directors decided to propose to the 2020 GSM an increase in the number of directors to eight, the appointment of a new independent director and the election of a coordinating director from among the independent directors.

In Chile, as of the date of this report, interconnection tests are being completed on the Granja Solar project, which adds 123 MW to the Solarpack Group's portfolio of operating projects.

# 9. PROBABLE EVOLUTION OF ENTITY

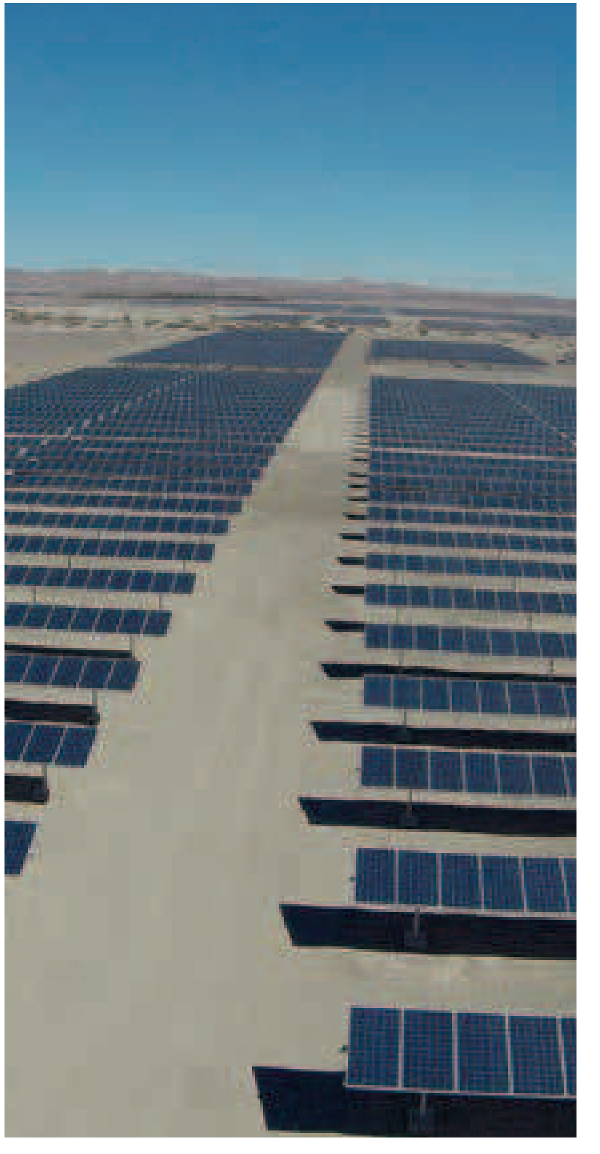
Following the capital increase that took place in December 2018 with the company's IPO, the Solarpack Group has focused its efforts in 2019 on executing the projects that were classified as Backlog, or contracted portfolio, at the beginning of the year.

Thus, the company has put into operation in 2019 a total of 186 MW in Spain, Chile and India, 165 of which are in Build&Own projects. These projects correspond to Tricahue, Bellavista, KA2 (53 MW), Monclova and Grullas.

In addition, at 31 December 2019, 350 MW were under construction, 123 MW of which correspond to the Build&Own Granja project in Chile, completing the interconnection to the system, as of the date of this report. The remaining projects under construction, totalling 227 MW, will come into operation during 2020.

The culmination of this portfolio is leading to a major transformation of the company, in terms of volume of activity and growth in the volume of energy generation.

The company continues to focus on the growth of its project portfolio, and as a result has achieved a volume of Build&Own and Build&Sell project contracts in 2019 that offer very good visibility of business acquisition over the next 18 months. Specifically, during 2019, the company has accumulated 215 MW of new backlog or contracted portfolio, with the signing of two turnkey construction contracts (hereinafter "EPC") for third parties in Spain totalling 99 MW and the award of a long-term power purchase agreement (hereinafter "PPA") for a project under development of 116 MW in Malaysia. Two of these projects are already under construction in Spain.



## The objectives of the company during the period January 2020 to December 2020 entail the following milestones:

- **Continuous improvement** in the operation of (i) POWGEN's operating assets and (ii) SVCSs existing contracts.
- **Releasing financial resources** through the refinancing of long-term loans in those projects that have the capacity to attract additional debt in the form of project financing, without recourse to the parent company of the Solarpack Group
- **Completing the construction** of:

  - Two PV solar plants located in Spain for a total of 100 MW of installed power under the Build&Sell mode, for which it has already signed EPC and share purchase agreements with a third party and which are already under construction.

  - A PV solar plant located in Chile with a total of 123 MW of installed capacity in Build&Own mode. This PV solar plant will benefit from the PPAs that the Solarpack Group has signed with the regulated electricity distribution companies in Chile, following the award of the renewable energy auction called by the Government of Chile in 2016 and in which Solarpack was awarded rights to sell up to 280 GWh per year for a period of 20 years starting on 1 January 2021.

  - Two PV solar plants located in Spain with a total of 99 MW of installed capacity in Build&Own projects for third parties.

  - Two PV solar plants located in Chile with a total of 21 MW of installed power under the Build&Sell category, for which it has already signed EPC and share purchase agreements with a third party. These contracts are subject to the suspensive condition of completing the attainment of permits and authorisations that allow construction to start.
- **Making substantial progress in the construction** of:
  - A total of 120 MW of new projects.
  - Continue the pace of backlog generation in order to ensure the activity of the DEVCON division in 2021 and beyond.
- **Reinforcing processes** of the company in the areas of Health and Safety, Environmental, Social and Corporate Governance.

**THE ACHIEVEMENTS OF THESE OBJECTIVES WILL MAKE POSSIBLE:**

- **a significant volume of cash generated by POWGEN’s energy production.**
- **a significant volume of cash generated by DEVCON’s activities, both in Build&Sell and Build&Own projects.**
- **a high investment to provide the equity required by the SPVs of the new Build&Own facility in Malaysia.**

This Management Report of the Solarpack Group contains certain forward-looking information that reflects the plans, forecasts or estimates of the company’s directors, which are based on assumptions that are considered reasonable by them. However, the user of this report should bear in mind that forward-looking information should not be regarded as a guarantee of an entity’s future performance, in the sense that such plans, forecasts or estimates are subject to numerous risks and uncertainties that imply that the entity’s future performance need not be the same as originally foreseen. These risks and uncertainties are described throughout the management report, mainly, but not exclusively, in the section on the main risks and uncertainties faced by the entity.

# 10. RD&I ACTIVITIES

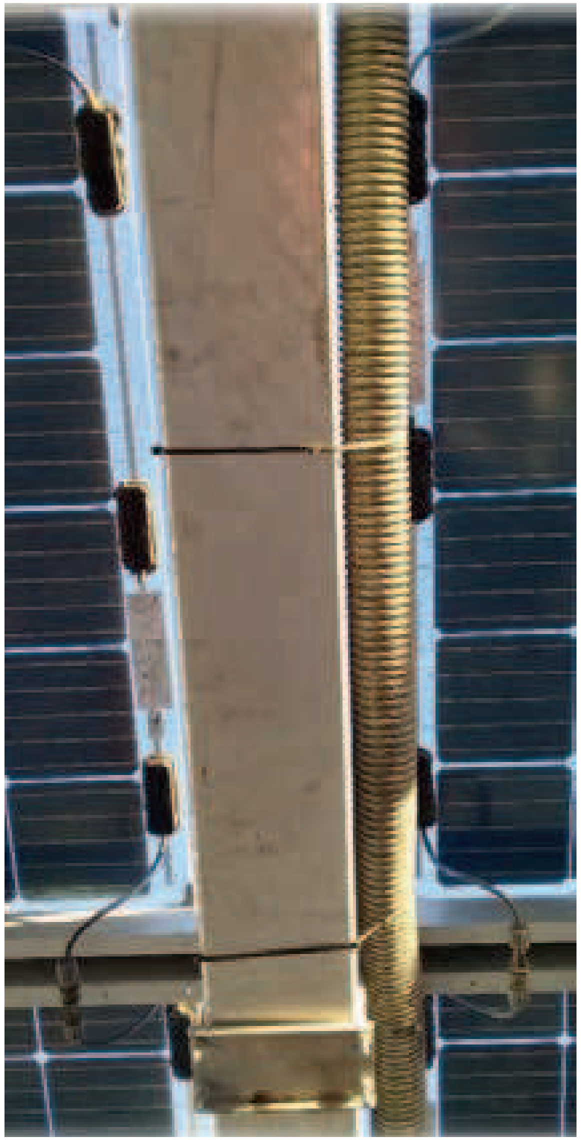
**The Solarpack Group has always given relevance to the knowledge of new technologies in solar PV generation and other complementing technologies. Our activity is not manufacturing, but system integration. In this sense, the company pursues the knowledge of innovative technologies that can increase competitiveness of its future projects, as a guarantee of the future growth of the Group.**

**In 2019, the company focused its efforts on the following lines of R&D&I.**

- **Operation and maintenance:**

  Development of an IP radio link at the Granja Solar plant in Chile: Solarpack's PV solar plants are often located in remote locations. This is often a challenge for plant communications with the outside as well as within the plant. The Granja plant, located in the middle of the Atacama Desert, is far from mobile phone signals. Therefore, in spite of having an internet link, communication from the Solarpack control centre (hereinafter referred to as the "ROC") with the operators was impossible by mobile phone when they were in the field. Thus, the Solarpack operating and maintenance team has devised and implemented a radio-IP system that enables radio-IP talk from anywhere within the plant's 400-plus ha of surface area with the ROC. This allows us to react to possible incidents much faster and more agile in a plant with of extensive size.

  Module cleaning automation: the SVCS business unit has adopted an automatic module cleaning system in some of its PV solar plants, which allows for hybrid dry and water cleaning. The system is being tested and is expected to provide significant efficiencies in this important activity in order to maximise plant production.



Osmosis Plant: the purity of the water for cleaning plants is fundamental. Due to the remote location of some of Solarpack's plants, it is sometimes difficult to find suppliers capable of delivering water to the standards required by Solarpack's operation and maintenance teams. Thus, in Chile it has been decided to install an osmosis plant for which the process of acquiring equipment has already begun.

- **Storage committee.** Electric storage systems using batteries are a novelty that can bring about important changes in how the solar PV plants of the future are designed on an industrial scale. This committee meets monthly to analyse the new developments in the battery market, evaluate business models in the field of battery system use and propose R&D&I investments as indicated in the previous point.

- DEVCON:

  - In 2019, the pilot installation located at the Pozo Almonte Solar 1 PV solar plant in Chile (already in operation) was completed. The installation, which features PV solar module technologies such as PERC or bifacial modules, is now fully operational.

  - In the DEVCON division, work is being done on the processing of permits and licenses for two projects, on an industrial scale, for the integration of battery systems with solar PV generation, with the aim to:

    - run one of them as a pilot installation, with a total of 3 MW of installed power.

    - Prepare the second to offer PPA contracts exceeding the generation time limitations of solar PV.

# 11. ACQUISITION AND DISPOSAL OF OWN SHARES

Not applicable.

# 12. DIVIDEND POLICY

Solarpack intends to reinvest the cash generation in new project developments that will allow the company's business to grow in the medium to long term and thus increase the value of its partners' shares. Therefore, Solarpack does not expect to pay dividends in the next three years. Once this period with growth visibility has ended, the company will analyse the growth opportunities and reassess the dividend policy.

# 13. SECURITIES MARKET INFORMATION


## Main shareholders

| | |
|---|---|
| Beraunberri, S.L. | 48.750% |
| Burgest 2007, S.L. | 9.656% |
| Onchena S.L. | 6.345% |
| Santander Asset Management | 5.353% |
| EDM Gestión S.G.I.I.C. S.A. | 3.624% |
| Antonio Galíndez Zubiría | 3.551% |

## Evolution of the share

Average daily volume of cash in 2019:

EUR **204,081.25**

Change in the share price at 31.12.2019 with respect to the issue price in the capital increase of 31.12.18: **+ 36.0%**

Conciliación de Medidas Alternativas de Rendimiento (APMs)

| Medidas Alternativas de Rendimiento | Unidad | Definición | 31.12.2019 | 31.12.2018 | Relevancia de su uso |
|---|---|---|---|---|---|
| Costes directos | m Euros | Aprovisionamientos + Gastos directos de personal + Otros gastos directos de explotación + Otros resultados directos | (51.873 m€) = (35.863 m€) + (5.650 m€) + (10.415 m€) + 54 m€ | (10.086 m€) = (4.221 m€) + (4.148 m€) + (3.642 m€) + 1.927 m€ | Medida de rentabilidad utilizada por la Dirección para medir cuales son los gastos de explotación directamente atruibles a cada proyecto y de esta manera evaluar su evolución. |
| Margen Bruto | m Euros | Ingresos de explotación + Costes directos | 38.054 m€ = 89.927m€ + (51.873 m€ ) | 20.015 m€ = 30.101m€ + (10.086 m€ ) | Medida de rentabilidad operativa utilizada por los Administradores para evaluar la generación de resultados sin considerar aquellos gastos que no son directamente atruibles a los proyectos. |
| % Margen Bruto | % | Margen Bruto / Ingresos de explotación | 42,32% =38.054 m€ / 89.927 m€ | 66,49% =20.015 m€ / 30.101 m€ | Medida de rendimiento utilizada por la Dirección para medir el porcentaje de rentabilidad operativa excluyendo los costes indirectos de producción. |
| SGA | m Euros | Aprovisionamientos + Gastos de personal + Otros gastos de explotación + Otros resultados directos +Perdidas por enejenación de activos - Costes directos | (9.787 m€) = (35.863 m€) + (11.555 m€) + (14.293 m€) +(3m€)+54 m€ + 51.873 m€ | (5.417 m€) = (4.221 m€) + (6.674 m€) + (6.534 m€) +1.927 m€ + 10.086 m€ | Medida de los gastos generales, administrativos y comerciales que no son directamente atribuibles a los proyectos. |
| Resultado Bruto de Explotación (EBITDA) | m Euros | Ingresos de explotación + Costes Directos + SGA | 28.267 m€ = 89.927 m€ + (51.873 m€) + (9.787 m€) | 14.598 m€ = 30.101 m€ + (10.086 m€) + (5.417 m€) | Medida de rentabilidad operativa sin tener en consideración los intereses, impuestos y amortizaciones. Los Administradores utilizada dicha medida de rendimiento para evaluar la capacidad de generación de flujo de caja de explotación de los proyectos. |
| % EBITDA | % | Resultado Bruto de Explotación (EBITDA) / Ingresos de Explotación | 31,43% = 28.267 m€/89.927 m€ | 48,5% = 14.598 m€/30.101 m€ | Medida de % de rentabilidad operativa sin tener en consideración los intereses, impuestos y amortizaciones respecto a los Ingresos de explotación |
| EBIT | m Euros | Resultado Bruto de Explotación (EBITDA) + Amortizacion del inmovilizado + Deterioro de Inmovilizado + Deterioro del fondo de comercio + Diferencia negativa de consolidacion | 21.426 m€ = 28.267 m€ + (12.659 m€) +(1.839 m€) + (178 m€) + 7.834 m€ | 11.030 m€ = 14.598 m€ + (3.569 m€) | Medida de rentabilidad operativa sin tener en consideración los intereses e impuestos |
| % EBIT | % | Resultado Bruto de Explotación (EBIT) / Ingresos de Explotación | 23,83% = 21.426 m€ / 89.927 m€ | 36,64% = 11.030 m€ / 30.101 m€ | Medida de % de rentabilidad operativa sin tener en consideración los intereses e impuestos respecto a los Ingresos de explotación |
| Deuda financiera Neta | m Euros | Deudas a largo plazo + Deudas a corto plazo - Pasivos por Derivados- Efectivo y otros actívos líquidos equivalentes - Creditos a corto plazo - Otros activos financieros a corto plazo | 392.059 m€ = 357.584 m€ + 87.457 m€ + (8.887 m€) + (106 m€) + (34.753 m€) + (571 m€) + (74 m€) + (8.591 m€) | 50.994 m€ = 143.621 m€ + 1 m€ + 16.080m€ + (4.353m€) + (94.280 m€) + (614 m€) + (9.462 m€) | Medida de rendimiento utilizada por la Dirección que permite evaluar el nivel de endeudamiento neto de los activos. |
| Endeudamiento | % | Deuda financiera Neta / (Patrimonio neto+Deuda financiera Neta) | 70% = 392.059 m€/ (392.059 m€+ 166.191 m€) | 24% = 50.994 m€/ (50.994 m€+ 159.507 m€) | Medida de rendimiento cuyo objetivo es mostrar el grado de apalancamiento de la actividad empresarial. |

m€ = miles de euros

SOLAR PACK

## IDENTIFICATION DETAILS OF THE ISSUER

End of Reporting Period: 31/12/2019

Corporate Tax Number (CIF): A95363859

Registered Name:

**SOLARPACK CORPORACION TECNOLOGICA, S.A.**

Registered Address:

AVENIDA DE ALGORTA, 16-3º (GETXO) VIZCAYA

A. OWNERSHIP STRUCTURE

A.1. Complete the following table about the share capital of the company:

| Date of last change | Share capital (€) | Number of shares | Number of voting rights |
|---|---|---|---|
| 20/12/2018 | 13,301,204.80 | 33,253,012 | 33,253,012 |

State whether or not there are different classes of shares with different associated rights:
[ ] Yes
[ √ ] No

A.2. Provide a breakdown of the direct and indirect holders of significant shareholdings as of the end of the financial year, excluding directors:

| Individual or company name of shareholder | % voting rights attributed to the shares | | % voting rights through financial instruments | | % total voting rights |
|---|---|---|---|---|---|
| | Direct | Indirect | Direct | Indirect | |
| CARMEN YBARRA CAREAGA | 0.00 | 6.34 | 0.00 | 0.00 | 6.34 |
| SANTANDER ASSET MANAGEMENT, S.A., SGIIC | 0.00 | 5.35 | 0.00 | 0.00 | 5.35 |
| EDM GESTION S.A. SG.I.I.C | 0.00 | 3.62 | 0.00 | 0.00 | 3.62 |
| ANTONIO GALÍNDEZ ZUBIRÍA | 0.00 | 3.55 | 0.00 | 0.00 | 3.55 |

Details of the indirect shareholding:

| Name or company name of the indirect holder | Name or company name of the direct holder | % voting rights attributed to the shares | % voting rights through financial instruments | % total voting rights |
|---|---|---|---|---|
| CARMEN YBARRA CAREAGA | ONCHENA SL | 6.34 | 0.00 | 6.34 |
| SANTANDER ASSET MANAGEMENT, S.A., SGIIC | SANTANDER SMALL CAPS ESPAÑA, FI | 3.02 | 0.00 | 3.02 |

| Name or company name of the indirect holder | Name or company name of the direct holder | % voting rights attributed to the shares | % voting rights through financial instruments | % total voting rights |
|---|---|---|---|---|
| ANTONIO GALÍNDEZ ZUBIRÍA | LANDA LLC | 3.01 | 0.00 | 3.01 |
| ANTONIO GALÍNDEZ ZUBIRÍA | SOLARPACKPROMO 2007 NOVENTA, S.L. | 0.54 | 0.00 | 0.54 |

State the most significant changes in the shareholding structure that have occurred during the financial year:

| Most significant changes |
|---|

The indirect shareholding of Mr Antonio Galíndez was included as a significant shareholding on stepping down as a director of the Company in January 2019.

A.3 Complete the following tables about members of the board of directors of the company who have voting rights regarding attached shares of the company:

| Individual or company name of director | % voting rights attributed to the shares | | % voting rights through financial instruments | | % total voting rights | % voting rights that can be transferred through financial instruments | |
|---|---|---|---|---|---|---|---|
| | Direct | Indirect | Direct | Indirect | | Direct | Indirect |
| MR JOSÉ GALÍNDEZ ZUBIRÍA | 0.00 | 48.75 | 0.00 | 0.00 | 48.75 | 0.00 | 0.00 |
| MR PABLO BURGOS GALINDEZ | 0.00 | 9.66 | 0.00 | 0.00 | 9.66 | 0.00 | 0.00 |
| MR IGNACIO ARTAZCOZ BARRENA | 0.11 | 0.00 | 0.00 | 0.00 | 0.11 | 0.00 | 0.00 |
| MR RAFAEL CANALES ABAITUA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total percentage of voting rights held by the Board of Directors | | | | | | | 58.52 |

Details of the indirect shareholding:

| Individual or company name of director | Name or company name of the direct holder | % voting rights attributed to the shares | % voting rights through financial instruments | % total voting rights | % voting rights that can be transferred through financial instruments |
|---|---|---|---|---|---|
| MR JOSÉ GALÍNDEZ ZUBIRÍA | BERAUNBERRI SL | 48.75 | 0.00 | 48.75 | 0.00 |
| MR PABLO BURGOS GALINDEZ | BURGEST 2007 SL | 9.66 | 0.00 | 9.66 | 0.00 |

Taking into account the direct participation of Mr Rafael Canales Abaitua, equivalent to 0.002% of the total share capital of the Company, the total shares directly or indirectly controlled by the directors is 58.517%. It should also be noted that Mr Rafael Canales holds the position of Proprietary Director, representing Onchena, S.L., which, in turn, is a shareholder of the Company with an additional 6.584% of the share capital.

A.4. State, if applicable, the family, commercial, contractual, or corporate relationships between significant shareholders, insofar as they are known to the company, unless they are immaterial or result from the ordinary course of business, except those that are reported in section A.6:

| Related individual or company name | Type of relationship | Brief description |
|---|---|---|
| No details | | |

A.5. State, if applicable, the commercial, contractual, or corporate relationships between significant shareholders and the company and/or its group, unless they are immaterial or result from the ordinary course of business:

| Related individual or company name | Type of relationship | Brief description |
|---|---|---|
| No details | | |

A.6. Describe the relationship, unless it is of little relevance to both parties, that exists between significant shareholders or representatives on the Board of Directors, or their representatives, in the case of legal person directors.

Explain, where applicable, how significant shareholders are represented. Specifically, any directors who have been appointed on behalf of significant shareholders, those whose appointment was encouraged by significant shareholders, or who are related to significant shareholders and/or entities in their group, specifying the nature of such relationships, shall be indicated. In particular, mention shall be made, where appropriate, of the existence, identity and position of members of the Board, or representatives of directors, of the listed company, who are, in turn, members of the management body, or their representatives, in companies which hold significant shareholdings in the listed company or in group entities of these significant shareholders:

| Individual or company name of the related director or representative | Individual or company name of related significant shareholder | Company name of the group company of the significant shareholder | Description of relationship/position |
|---|---|---|---|
| MR ANTONIO GALÍNDEZ ZUBIRÍA | MR ANTONIO GALÍNDEZ ZUBIRÍA | LANDA LLC | Mr Antonio Galíndez Zubiría, a director of the Company until 25 January 2019, is a director of the US company Landa LLC, which holds 3.007% of the share capital, and of Solarpack Promo2007 Noventa, S.L., which holds 0.543%. |
| MR JOSÉ GALÍNDEZ ZUBIRÍA | MR JOSÉ GALÍNDEZ ZUBIRÍA | BERAUNBERRI SL | Mr José Galíndez Zubiria is the chairman of the Board of Directors of Beraunberri SL, direct holder of 48.75% of the share capital |
| MR PABLO BURGOS GALINDEZ | MR PABLO BURGOS GALINDEZ | BURGEST 2007 SL | Mr Pablo Burgos, CEO of the Company, holds 9.656% of the shares in the Company through the company, Burgest 2007, S.L., in which he does not hold any position on its governing body. |
| MR RAFAEL CANALES ABAITUA | MS CARMEN YBARRA CAREAGA | ONCHENA SL | Mr Rafael Canales Abaitua is the CEO of Onchena, S.L., which owns 6.584% of the Company's share capital. |

| Individual or company name of the related director or representative | Individual or company name of related significant shareholder | Company name of the group company of the significant shareholder | Description of relationship/position |
|---|---|---|---|
| MS INÉS ARELLANO GALÍNDEZ | MR JOSÉ GALÍNDEZ ZUBIRÍA | BERAUNBERRI SL | Mr José Galíndez Zubiría and Ms Inés Arellano Galíndez are second-degree relatives (uncle and niece, respectively). |

On 25 January 2019, the Board of Directors of the Company accepted the resignation of Mr Antonio Galíndez Zubiría and it appointed, through co-option,
Mr Rafael Canales Abaitua, CEO of Onchena, S.L., which owns 6,584% of the Company's share capital.

A.7. State whether any private shareholders’ agreements (*pactos parasociales*) affecting the company pursuant to the provisions of Articles 530 and 531 of the Companies Act (*Ley de Sociedades de Capital*) have been reported to the company. If so, briefly describe them and list the shareholders bound by the agreement:

[ ] Yes
[ √ ] No

State if the company is aware of the existence of concerted actions among its shareholders. If so, briefly describe them:

[ ] Yes
[ √ ] No

Expressly state whether or not any of such agreements, arrangements or concerted actions have been modified or terminated during the financial year:

A.8. State whether there is any individual or legal entity that exercises or may exercise control over the company pursuant to section 5 of the Securities Market Act (*Ley del Mercado de Valores*). If so, identify it:

[ ] Yes
[ √ ] No

A.9. Complete the following tables about the company’s treasury shares:

As of year-end:

| Number of direct shares | Number of indirect shares (*) | Total % of share capital |
|---|---|---|
| | | 0.00 |

(*) Through:

| Individual or company name of direct holder of the interest | Number of direct shares |
|---|---|
| No details | |

A.10. Describe the conditions and duration of the powers currently in force given by the shareholders to the board of directors in order to issue, repurchase or transfer own shares of the company:

The following resolutions were approved at the General Shareholders' Meeting held on 29 March 2019:
"1.- Leaving without effect the resolution adopted at the General Shareholders' Meeting on 2 November 2018 insofar as elements not implemented, to authorise the Company so that, directly or through any of its subsidiary companies and for a maximum period of five (5) years from the date of this General Shareholders' Meeting, it may acquire shares in Solarpack Corporación Tecnológica, S.A., at any time and as often as deemed appropriate, by any means permitted by law, including through use of the profits for the year or unrestricted reserves, in accordance with Article 146 and related provisions of Law on Capital Companies.

2.- Leaving without effect the resolution adopted at the General Shareholders' Meeting held on 2 November 2018 insofar as elements not implemented, to authorise the Company to proceed with the disposal to any third party or to subsequently redeem any of its own shares acquired by virtue of this authorisation or the authorisations granted by the previous General Shareholders' Meeting, all in accordance with Article 146 and related provisions of the Law on Capital Companies. To delegate to the Board of Directors the execution of the resolutions to dispose of the Company's treasury shares at any time.

3.- To approve the conditions of these acquisitions, which shall be as follows:(a) that the nominal value of the shares acquired directly or indirectly, adding to those already held by the acquiring company and its subsidiaries, and, where applicable, the parent company and its subsidiaries, does not exceed ten percent (10%) of the share capital of Solarpack Corporación Tecnológica, S.A., respecting at all times the limitations
established for the acquisition of its own shares by the regulatory authorities of the markets where the shares of Solarpack Corporación Tecnológica, S.A. are listed; (b) that the acquisition, including the shares that the Company, or persons acting in their own name but on behalf of the Company, had previously acquired and held in the portfolio, does not lead to the equity falling below the share capital and the legal or statutory reserves that are unavailable. For this purpose, the following shall be considered as equity
the amount categorised as such in accordance with the criteria for drawing up the Financial Statements, reduced by the sum of the profits directly attributed to it, and increased by the sum of the subscribed unrequired share capital, as well as the amount of the nominal value and the issue premiums of the subscribed capital recorded as liabilities in the statements; (c) that the acquisition price is not less than the nominal value or more than ten percent (10%) of the quoted value of the shares on the date of their acquisition or, in the case of derivatives, on the date of the agreement formalising the acquisition. The transactions to acquire treasury shares shall comply with the rules and customs of the securities markets;(d) that a restricted reserve, equivalent to the amount of treasury shares entered under assets, shall be established in the equity. This reserve must be maintained until the shares are disposed of.

4.- It is expressly authorised that the shares acquired by Solarpack Corporación Tecnológica, S.A., directly or through its subsidiaries, using this authorisation, may be used in whole or in part for allocation to the Company's workers, employees or directors, when there is a recognised right, either directly or as a result of the exercise of option rights held by them, for the purposes set out in the last paragraph of Section 1(a) of Article 146 of the Law on Capital Companies."

A.11. Estimated free float:

| | % |
|---|---|
| Estimated free float | 22.62 |

A.12. State whether there are any restrictions (statutory, legislative or of any kind) on the transfer of securities and/or any restrictions on voting rights. In particular, state whether there are any type of restrictions that may hinder the takeover of the company by means of the acquisition of its shares on the market, as well as any systems regarding prior authorisation or communication which, regarding the acquisitions or transfers of the company's financial instruments, are applicable to it by sectorial regulations.

[ ] Yes
[ √ ] No

A.13. State whether or not the shareholders acting at a general shareholders' meeting have approved the adoption of breakthrough measures in the event of a takeover bid pursuant to the provisions of Law 6/2007.

[ ] Yes
[ √ ] No

If applicable, explain the approved measures and the terms on which the restrictions will become ineffective:

A.14. State whether or not the company has issued securities that are not traded on an EU regulated market.

[ ] Yes
[ √ ] No

If applicable, specify the different classes of shares, if any, and the rights and obligations attached to each class of shares:

## B. GENERAL SHAREHOLDERS' MEETING

B.1. State and, if applicable, describe whether or not there are differences with the minimum requirements set out in the Companies Act (LSC) regarding the quorum needed to hold a general shareholders' meeting:

[ ] Yes
[ √ ] No

B.2. State and, if applicable, describe any differences from the rules set out in the Companies Act for the adoption of corporate resolutions:

[ ] Yes
[ √ ] No

B.3. State the rules applicable to the amendment of the by-laws of the company. In particular, disclose the majorities provided for amending the by-laws, and any rules provided for the protection of the rights of the shareholders in the amendment of the by-laws.

The regulations applicable to the amendment of the Company's Articles of Association are set out in the Law on Capital Companies. The articles of association do not contain rules for the protection of shareholders or majorities different from those under the Law on Capital Companies.

B.4. State the data on attendance at the general shareholders' meetings held during the financial year referred to in this report and those of the two previous financial years:

| Date of General Shareholders' Meeting | Attendance data | | | | |
|---|---|---|---|---|---|
| | | | % absentee voting | | |
| | % of shareholders present in person | % of shareholders represented by proxy | Electronic voting | Other activities | Total |
| 29/03/2019 | 58.98 | 27.36 | 0.00 | 0.00 | 86.34 |
| Of which free float | 0.00 | 5.35 | 0.00 | 0.00 | 5.35 |

B.5. State whether at the general meetings held throughout the year there were any items on the agenda that, for any reason, were not approved by the shareholders:
[ ] Yes
[ √ ] No

B.6. State whether or not there are any by-law restrictions requiring a minimum number of shares to attend the general shareholders' meeting, or to vote remotely:
[ ] Yes
[ √ ] No

B.7. State whether it has been established that certain decisions, other than those established by law, which involve the acquisition, disposal or contribution of essential assets to another company or other similar corporate operations, must be subject to the approval of the General Shareholders' Meeting:
[ ] Yes
[ √ ] No

B.8. State the address and method for accessing the company's website to access information regarding corporate governance and other information regarding general shareholders' meetings that must be made available to the shareholders through the Company's website:

The website to access information regarding corporate governance and other information regarding general shareholders' meetings is https://www.solarpack.es/accionistas-e-inversores/informacion-corporativa/informacion-contacto-la-compania-oficina-del-accionista/

## C. STRUCTURE OF THE COMPANY'S MANAGEMENT

C.1. Board of Directors

C.1.1. Minimum and maximum number of directors provided for in the Articles of Association and the number set by the General Meeting:

| | |
|---|---|
| Maximum number of directors | 15 |
| Minimum number of directors | 5 |
| Number of directors set by the General Meeting | 7 |

C.1.2. Complete the following table identifying the members of the board:

| Individual or company name of director | Representative | Category of director | Position on the Board | Date of first appointment | Date of last appointment | Election procedure |
|---|---|---|---|---|---|---|
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | | Independent | DIRECTOR | 09/08/2018 | 09/11/2018 | GENERAL SHAREHOLDERS' MEETING AGREEMENT |
| MR JOSÉ GALÍNDEZ ZUBIRÍA | | Proprietary | CHAIRMAN | 01/04/2005 | 09/11/2018 | GENERAL SHAREHOLDERS' MEETING AGREEMENT |
| MR PABLO BURGOS GALINDEZ | | Executive | CEO | 12/05/2006 | 09/11/2018 | GENERAL SHAREHOLDERS' MEETING AGREEMENT |
| MR IGNACIO ARTAZCOZ BARRENA | | Independent | VICE-CHAIRMAN | 09/08/2018 | 09/11/2018 | GENERAL SHAREHOLDERS' MEETING AGREEMENT |
| MS INÉS ARELLANO GALÍNDEZ | | Proprietary | DIRECTOR | 09/08/2018 | 09/11/2018 | GENERAL SHAREHOLDERS' MEETING AGREEMENT |
| MS GINA DOMANIG | | Independent | DIRECTOR | 09/11/2018 | 09/11/2018 | GENERAL SHAREHOLDERS' MEETING AGREEMENT |

| Individual or company name of director | Representative | Category of director | Position on the Board | Date of first appointment | Date of last appointment | Election procedure |
|---|---|---|---|---|---|---|
| MR RAFAEL CANALES ABAITUA | | Proprietary | DIRECTOR | 25/01/2019 | 29/03/2019 | CO-OPTION |

| | |
|---|---|
| Total number of directors | 7 |

State any resignations, dismissals or vacancies that have occurred for any other reason on the Board of Directors during the reporting period:

| Individual or company name of director | Class of director at time of vacancy | Date of last appointment | Date of vacancy | Specialist Committees of which he/she was a member | Indicate whether the resignation/dismissal took place before the end of the term of office |
|---|---|---|---|---|---|
| MR ANTONIO GALÍNDEZ ZUBIRÍA | Proprietary | 09/11/2018 | 25/01/2019 | Antonio Galíndez was a member of the Audit Committee and the Appointments and Remuneration Committee. | YES |

**Reason for resignation/dismissal and other observations**

On 25 January 2019, the Board of Directors accepted the resignation of Mr Antonio Galíndez Zubiría. On said date, the Board of Directors appointed, through co-option, Mr Rafael Canales Abaitua as the new proprietary director. On the same date, 25 January 2019, the Company's Board of Directors appointed the director, Mr Ignacio Artazcoz, as the new vice-chairman.

C.13. Complete the following tables about the members of the Board and each member's status:

| EXECUTIVE DIRECTORS | | |
|---|---|---|
| Individual or company name of director | Position within the company's structure | Profile |
| MR PABLO BURGOS GALINDEZ | CEO | Pablo Burgos Galindez, co-founded the Company with Jose Maria Galindez in April 2005. He is currently the CEO of the Company, a position he has held since 12 May 2006. Prior to co-founding the Company, Mr Burgos held executive positions at Accenture (1994-1996), at Pepsico Group (1996-2000), at Loop Telecom (2000-2001) and at Guascor Group (2002 until he joined the Company). In these companies, Mr Burgos held positions of responsibility in the areas of business development, sales and marketing, logistics and general management. Mr Burgos has been a member of the Board at Unión Española Fotovoltaica (UNEF) and is currently a member of the Basque Business Circle (CEV). |

| EXECUTIVE DIRECTORS |
|---|

| Individual or company name of director | Position within the company's structure | Profile |
|---|---|---|
| | | In 2017, Mr Burgos and Mr José María Galíndez were awarded the EY Emerging Entrepreneurs of the Year Award in Spain, as part of the EY-sponsored Entrepreneurship Programme worldwide. Mr Burgos has a degree in Economics and Business Administration from the Universidad Comercial de Deusto. |

| | |
|---|---|
| Total number of executive directors | 1 |
| Total % of the board | 14.29 |

With effect from 15 February 2020, on 15 January 2020, Mr Ignacio Artázcoz was appointed executive director. It was also agreed that at the end of the next Shareholders' General Meeting, Mr Ignacio Artázcoz will hold the position of chairman of the Board of Directors with executive functions.

| EXTERNAL PROPRIETARY DIRECTORS | | |
|---|---|---|
| Individual or company name of director | Individual or company name of the significant shareholder represented by the director or that has proposed the director's appointment | Profile |
| MR JOSÉ GALÍNDEZ ZUBIRÍA | BERAUNBERRI SL | José María Galíndez co-founded the Company with Pablo Burgos in April 2005. He currently holds the position of chairman of the Board of Solarpack. Prior to co-founding the Company, he worked (2002-2004) as a CEO of the Guascor Group, a Spanish engineering and energy company that was acquired by the Dresser- Rand Group, which was subsequently acquired by Siemens.<br><br>Prior to Guascor Group, Mr Galindez was chairman of Sulzer Chemtech and a member of the executive board of the Sulzer Group, where he held several executive positions between 1986 and 2001. His career has focused primarily on the industrial capital goods sector, specialising in compression, power generation and mass transfer in the Oil & Gas business. Mr Galíndez holds a degree in Naval Engineering from the Universidad Politécnica de Madrid and completed the IESE's Graduate Programme in General Management. Mr Galindez was a founding member and first president of the Spanish Wind Energy Association (Asociación Eólica Española - AEE), a member of the Board of the Photovoltaic Industry Association (ASIF) and a founding member and board member of the Spanish Photovoltaic Union (UNEF). He has been a member of the Council of the Alliance for Rural Electrification (ARE) and currently holds the position of vice-president of the Basque Business Circle (CEV). Mr Galindez is also the founder and chairman of the board of the EKI Foundation, a non-profit organisation focused on financing and the supply of small, off-grid solar photovoltaic installations to schools and health centre in sub-Saharan Africa and South America. |

| EXTERNAL PROPRIETARY DIRECTORS |
|---|

| Individual or company name of director | Individual or company name of the significant shareholder represented by the director or that has proposed the director's appointment | Profile |
|---|---|---|
| | | |
| MS INÉS ARELLANO GALÍNDEZ | BERAUNBERRI SL | Ms Inés Arellano was appointed as a director of the Company in August 2018. She is currently a member of the executive committee of MERLIN Properties (MRL.MC), a Spanish company on the IBEX-35.<br>Ms Arellano has over 14 years of experience in the real estate business, having held positions such as a manager at Morgan Stanley Real Estate Private Equity and Investment Banking, from where she participated in IPOs, mergers and other real estate transactions in several countries. She has a degree in Business Administration and Management, specialising in finance and administration, from the Universidad Comercial de Deusto. |
| MR RAFAEL CANALES ABAITUA | ONCHENA SL | Mr Rafael Canales was appointed to the Board of Directors of the Company on 25 January 2019. He is currently the CEO of Onchena, S.L., a family holding company dedicated to business shares. Mr Canales has undertaken his professional career in the financial sector. Since 2001, he has held several management positions in the area of wealth management, first in Consulnor Servicios Financieros and later in Banca March after the latter acquired Consulnor. Previously, he worked in Corporate Banking in Argentaria - BBVA and in Manufacturers Hanover Trust Co., (currently J.P. Morgan). In the field of teaching, he has been a professor of Banking, International Financing and Financial Management at ICADE (Universidad Pontificia de Comillas). Mr Canales has a degree in Economics and Business Administration from the Universidad Comercial de Deusto. He has post-graduate studies from the School of Industrial Organisation and a Managerial Development Programme from IESE. |

| | |
|---|---|
| Total number of proprietary directors | 3 |
| Total % of the board | 42.86 |

| EXTERNAL INDEPENDENT DIRECTORS | |
|---|---|
| Individual or company name of director | Profile |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | Ms Begoña Beltrán de Heredia was appointed as a director of the Company in August 2018.<br>Prior to this, from 1997-2016, she worked in tax practice at Garrigues in San Sebastian and, previously, from 1985-1997, in tax practice at Arthur Andersen. Throughout her career, Ms Beltrán de Heredia has gained extensive experience in providing specialised advisory services in the areas of tax, mergers and acquisitions, due diligence process, in regional tax standard issues and in tax procedures and inspections. Ms Begoña Beltrán de Heredia has advised local and international companies in various industries and financial institutions, both for family businesses and for listed companies. Ms Beltrán de Heredia has a degree in Economics and Business Administration from the Universidad Comercial de Deusto. |
| MR IGNACIO ARTAZCOZ BARRENA | Mr Ignacio Artázcoz was appointed a director of the Company in 2018. During his career, Mr Ignacio Artázcoz has mainly served listed companies with a global presence in the energy, renewable and industrial sectors. He has gained his international experience in the corporate finance area, including variable (such as IPOs) and fixed income (such as investment grade bond issues), corporate financing operations and the execution of strategic merger and acquisition transactions. From 2017 to February 2020, Mr Ignacio Artázcoz has been the CFO of Nortegas. Previously, Mr Ignacio Artázcoz worked as CFO at Gamesa Corporación Tecnológica (from 2014-2017) and at CIE Automotive (from 2001-2014). Mr Ignacio Artázcoz previously worked in investment banking and consulting for Goldman Sachs and Accenture. He came first in the "Institutional Investor 2017 All-Europe Executive Team" survey within the capital goods industry (Small-Mid Caps), as Best Financial Director. Mr Ignacio Artázcoz has a degree in Economics and Business Administration from the Universidad Comercial de Deusto. |
| MS GINA DOMANIG | Ms Gina Domanig was appointed as a director of the Company in August 2018. She is the founder and managing partner of Emerald Technology Ventures, a venture capital firm focused on investments in energy, water, advanced materials and industrial IT in North America and Europe. In her role at Emerald Technology Ventures, Ms Gina Domanig serves on the boards of the following companies: GeoDigital International Inc, a provider of geospatial intelligence for electric utilities; Spear Power Systems Ltd, dedicated to lithium-ion battery storage systems; Urgently Limited, a digital roadside assistance platform; TaKaDu Inc, a leading provider of centralised event management solutions for water utilities and Ushr Inc, a high-definition mapping company for the autonomous driving sector. In addition to her duties at Emerald, Ms Domanig is a Board member of the following companies: Die Mobiliar Genossenschaft, board member and chairwoman of the Appointments and Remuneration Committee of U-blox AG; board member of the Basel Agency for Sustainable Energy and board member of the Energy Venture Forum. Ms Domaning has over 30 years of experience in international business, including mergers and acquisitions, strategy development and venture capital. Prior to joining Emerald, she was a senior vice-president at the Swiss multinational Sulzer, where she was responsible for strategic planning, mergers and acquisitions. |

| EXTERNAL INDEPENDENT DIRECTORS | |
|---|---|
| Individual or company name of director | Profile |
| | Ms Gina Domanig holds an MBA from Thunderbird in Arizona and ESADE in Barcelona. She speaks English, German and Spanish. She is a Swiss and French citizen, residing in Zurich, Switzerland. |

| | |
|---|---|
| Total number of independent directors | 3 |
| Total % of the board | 42.86 |

State whether or not any director classified as independent receives from the company or its group any amount or benefit for items other than director remuneration, or maintains or has maintained during the last financial year a business relationship with the company or with any company of its group, whether in the director's own name or as a significant shareholder, director or senior officer of an entity that maintains or has maintained such relationship.

If applicable, include a reasoned statement of the director regarding the reasons for which it is believed that such director can carry out the duties thereof as an independent director.

| Individual or company name of director | Description of the relationship | Reasoned statement |
|---|---|---|
| No details | | |

Following the appointment of Mr Ignacio Artázcoz as executive director, effective 15 February 2020, the Board of Directors will propose at the next Ordinary General Shareholders' Meeting, to be held during the first half of the current year, the appointment of a new independent director.

| **OTHER EXTERNAL DIRECTORS** | | | |
|---|---|---|---|
| Identify the other external directors and describe the reasons why they cannot be considered proprietary or independent directors as well as their ties, whether with the company, its management or its shareholders: | | | |
| Individual or company name of director | Reasons | Company, officer or shareholder with which the director has ties | Profile |
| No details | | | |

| | |
|---|---|
| Total number of other external directors | N/A |
| Total % of the board | N/A |

State the changes, if any, in the class of each director during the period:

| Individual or company name of director | Date of change | Former class | Current class |
|---|---|---|---|
| No details | | | |

C.1.4. Complete the following table with information regarding the number of female directors for the last 4 financial years, as well as the status of such directors:

| | Number of female directors | | | | % of total directors of each class | | | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2016 | 2019 | 2018 | 2017 | 2016 |
| Executive | | | N/A | N/A | 0.00 | 0.00 | N/A | N/A |
| Proprietary | 1 | 1 | N/A | N/A | 33.33 | 33.33 | N/A | N/A |
| Independent | 2 | 2 | N/A | N/A | 66.66 | 66.66 | N/A | N/A |
| Other external | | | N/A | N/A | 0.00 | 0.00 | N/A | N/A |
| Total | 3 | 3 | N/A | N/A | 42.86 | 42.86 | N/A | N/A |

C.1.5. State whether the company has diversity policies in relation to the Company's Board of Directors with regard to issues such as age, gender, disability, or professional training and experience. Small and medium-sized entities, according to the definition contained in the Auditing Act, shall report, as a minimum, on the policy they have established regarding gender diversity.

[ ] Yes
[ ] No
[ √ ] Partial Policies

If so, describe these diversity policies, their objectives, the measures and how they have been implemented and their results for the year. Also state the specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of directors.

If the company does not implement a diversity policy, explain why not.

**Description of the policies, objectives, measures and the way in which they have been implemented, as well as the results obtained**

Without prejudice to the existence of the policy for the selection of directors (which already addresses some of the issues mentioned in the statement in this section), the company does not have a diversity policy as such. Notwithstanding the foregoing, the Appointments and Remuneration Committee ensures at all times, in the exercise of its functions, that the proposals made take into consideration persons who have the necessary training and professional experience for the position, and that the procedure for selecting candidates is not implicitly biased in such a way as to hinder the selection of persons on the grounds of age, disability, gender or other circumstances.

C.16. Explain any measures, if appropriate, approved by the appointments committee in order for selection procedures to be free of any implied bias that hinders the selection of female directors, and in order for the company to deliberately search for women who meet the professional profile that is sought and include them among potential candidates in order to allow for a balanced presence of men and women:

**Explanation of measures**

The Appointments and Remuneration Committee must ensure that consideration is given to persons of both sexes who meet the necessary conditions and capabilities for the position.

If there are few or no female directors despite any measures that may have been adopted, explain the reasons why:

**Explanation of reasons**

Not applicable.

C.17. Explain the conclusions of the Appointments Committee regarding verification of compliance with the director selection policy. In particular, explain how said policy is fostering the goal for the number of female directors to represent at least 30% of all members of the Board of Directors by 2020.

The Appointments Committee verifies compliance with the policy for the selection of directors, including the application of suitability and diversity criteria. In this regard, at the end of 2019 and at present, the number of female directors is equivalent to 42.86% of the total members of the Board of Directors (3 out of a total of 7 directors). The objective set out in this paragraph is therefore met.

C.18. Explain, if applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding interest is less than 3% of share capital:

| Individual or company name of shareholder | Justification |
|---|---|
| No details | |

State if there has been no answer to formal petitions for presence on the Board received from shareholders whose shareholding interest is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If so, describe the reasons why such petitions have not been answered:
[ ] Yes
[ √ ] No

C.1.9. State, where applicable, the powers and faculties granted by the Board of Directors to directors or to board committees:

| Individual or company name of director or committee | Brief description |
|---|---|
| PABLO BURGOS GALÍNDEZ | In his capacity as CEO, he has delegated all the functions of the Board of Directors, except those that cannot be delegated. |

| Individual or company name of director or committee | Brief description |
|---|---|
| IGNACIO ARTAZCOZ BARRENA | Since 15 February 2020, the director, Ignacio Artázcoz, has been delegated all the duties of the Board, except those that cannot be delegated. |

C.1.10. Identify, where applicable, the members of the Board who hold the position of directors, representatives of directors or executives in other companies that form part of the listed company's group:

| Individual or company name of director | Name of entity within the group | Position | Does he/she have executive duties? |
|---|---|---|---|
| MR JOSÉ GALÍNDEZ ZUBIRÍA | Kabi Solar (Proprietary) Limited | DIRECTOR | NO |
| MR JOSÉ GALÍNDEZ ZUBIRÍA | Solarpack Development Inc. | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Kabi Solar (Proprietary) Limited | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Solarpack Development Inc. | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Solarpack Ingeniería S.L.U. | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | Pozo Almonte Solar 3 SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Calama Solar 3 SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Amunche Solar SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Los Libertadores SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Arica Solar SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Tricahue Solar SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Maria Elena Solar SA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Taltal Solar SA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Tamarugal 1 SA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Diego Almagro Solar 2 SA | CHAIRMAN | NO |

| Individual or company name of director | Name of entity within the group | Position | Does he/she have executive duties? |
|---|---|---|---|
| MR PABLO BURGOS GALINDEZ | Solarpack Chile | Representative of Solarpack Corporación Tecnológica S.A. as Managing Partner | YES |
| MR PABLO BURGOS GALINDEZ | Diego Almagro Solar 3, S.A. | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Solarpack India LLP | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Solarpack ASia SDN BHD | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | SPK ENERGIAS RENOVABLES MEXICO 1 SA de CV | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Moquegua FV SAC | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Tacna Solar SAC | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Solarges Peru SAC | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Achampet Solar Private Limited | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Ghanpur Solar Private Limited | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Ataca Solar Holdco SpA | Representative of Solarpack Chile Ltda | NO |
| MR PABLO BURGOS GALINDEZ | Gummadidala Solar Private Limited | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Padmajiwadi Solar Private Limited | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Renjal Solar Private Limited | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Thukkapur Solar Private Limited | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Kabi Solar (Proprietary) Limited | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | SPK Alvarado SL | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | Pedroso Solar SL | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | Solarpack Monclova SL | Sole Director | YES |

| Individual or company name of director | Name of entity within the group | Position | Does he/she have executive duties? |
|---|---|---|---|
| MR PABLO BURGOS GALINDEZ | Suvan Solar SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Apolo Solar SPA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Pampul Holdco SL | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Astro Solar SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Cuenca Solar SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Valle Solar SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Granja Solar Holdco SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Eureka Energía Renovables SL | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | Gestión Solar Perú SAC | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | PMGD Holdco SL | Representative of Solarpack Corporación Tecnológica SA as Sole Director | NO |
| MR PABLO BURGOS GALINDEZ | Calama Solar 1 SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Calama Solar 2 SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Pozo Almonte Solar 1 SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Pozo Almonte Solar 2 SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Ekialde Solar Private Limited | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | Holen Solar Private Limited | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | Ekialde Sun Private Limited | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | Yala Solar Private Limited | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | Nanj Solar Private Limited | Board Member | NO |

| Individual or company name of director | Name of entity within the group | Position | Does he/she have executive duties? |
|---|---|---|---|
| MR PABLO BURGOS GALINDEZ | Alpur Solar Private Solar | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | Peñaflor Solar SL | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | Abra Solar SpA | Chairman | NO |
| MR PABLO BURGOS GALINDEZ | Ayala Solar SpA | Chairman | NO |
| MR PABLO BURGOS GALINDEZ | Yumbrel Solar SpA | Chairman | NO |
| MR PABLO BURGOS GALINDEZ | Aiboa Solar SpA | Chairman | NO |
| MR PABLO BURGOS GALINDEZ | Pantac Holdco SpA | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | Buitre Solar S.L.U. | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | SPK Aguila SLU | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | SPK Albatros SLU | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | Spk Ansar SLU | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | SPK Condor SLU | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | SPK Falcon SLU | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | SPK Flamingo SLU | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | SPK Milano SLU | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | SOLAR PACK, UNIPESSOAL LDA | Manager | YES |
| MR PABLO BURGOS GALINDEZ | SOLARPACK COLOMBIA S.A. ESP | Board Member | YES |
| MR PABLO BURGOS GALINDEZ | ECUADOR SOLAR HOLDCO, S.L. | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | SOLARPACK SURIA SUNGAI PETANI SDN. BHD. | Board Member | NO |

| Individual or company name of director | Name of entity within the group | Position | Does he/she have executive duties? |
|---|---|---|---|
| MR PABLO BURGOS GALINDEZ | Panamericana Solar SAC | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | SOLARPACK NC1 LLC | Chairman | YES |
| MR PABLO BURGOS GALINDEZ | SOLARPACK NC2 LLP | Chairman | YES |
| MR PABLO BURGOS GALINDEZ | Itok Solar Incorporated, S.L. | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | SOLARGES PERU S.L. | Joint Director | NO |

C.1.11. Identify, where applicable, the directors or representatives of legal entity directors of your company, who are members of the Board of Directors or representatives of legal entity directors of other companies listed on official stock exchanges other than those of your group, that have been reported to the company:

| Individual or company name of director | Name of listed company | Position |
|---|---|---|
| MR RAFAEL CANALES ABAITUA | Másmovil Ibercom SA | DIRECTOR |
| MR RAFAEL CANALES ABAITUA | Serrano Socimi Desarrollo 61 SA | DIRECTOR |
| MS GINA DOMANIG | U-Blox Holding AG | DIRECTOR |

C.1.12. State and, where applicable explain, whether or not the company has established any rules regarding the maximum number of company boards on which its directors may sit, identifying, in turn, where it is regulated:

[ ] Yes
[ √ ] No

C.1.13. State the amounts of the following items relating to the overall remuneration of the Board of Directors:

| | |
|---|---|
| Remuneration accrued in the year by the Board of Directors (thousands of euros) | 571 |
| Amount of pension rights accumulated by the current directors (thousands of euros) | |
| Amount of pension rights accumulated by former directors (thousands of euros) | |

This amount also includes 4,190 euros accrued in favour of Mr Antón Galíndez who stepped down as a proprietary director on 15 January 2019, the date on which Mr Rafael Canales was appointed as the new proprietary director.
This concept includes, in addition to the allowances and fixed compensation, an annual variable accrued in favour of the CEO for an amount of 61,929 euros.
Finally, it is noted that for accounting purposes an accounting provision of 943 thousand euros has been included in the annual accounts for the multi-year plan for the years 2018-2020 in force with the CEO. However, it should be noted that the accrual for this multi-year plan, with the final sum set, will not occur until year-end 31 December 2020, with the collection of the corresponding sum being enforceable on 31 March 2021.

C.1.14. Identify the members of the company's senior management who are not executive directors and state the total remuneration accrued by them during the financial year:

| Individual or company name | Position/s | |
|---|---|---|
| MS VICTORIA MORAL HERRERO | Head of HR and Organisation | |
| MS MARÍA BURGOS GALÍNDEZ | Head of Finance | |
| MR JAIME SOLAUN BUSTILLO | Head of the Andean Region | |
| MR ÍÑIGO MALO DE MOLINA LEZAMA LEGUIZAMON | Head of Business Development | |
| MR TOMÁS PARLADÉ GALÍNDEZ | Head of Power Generation and Services | |
| MS MARÍA FÁTIMA FERNÁNDEZ ESTEPA | Head of the Technical Office | |
| MR MIGUEL DE LA ROSA ORDÓÑEZ | Head of Construction and EPC Sales | |
| MR JAIME ALDÁMIZ-ECHEVARRÍA GONZÁLEZ DE DURANA | Head of Structured Finance | |
| MS ANA FERRERO MARTÍNEZ | Head of Consultancy | |
| MR JOSEBA ANDONI OLAMENDI LÓPEZ | Head of the Legal Department | |
| MR JAVIER ARELLANO GALÍNDEZ | Head of Corporate Development and Investor Relations | |
| MR XABIER REAL ZAMORANO | Head of O&M | |
| Total senior management remuneration (in thousands of euros) | | 1,275 |

The members of the company's executive committee at 31 December 2019 have been included in this section.
It is noted that for accounting purposes an accounting provision of 2,070 thousand euros has been included in the Financial Statements for the multi-year plan for the years 2018-2020. However, it should be noted that the accrual for this multi-year plan, with the final sum set, will not occur until year-end 31 December 2020, with the collection of the corresponding sum being enforceable on 31 March 2021.

C.1.15. State whether or not the regulations of the Board have been amended during the financial year:

[ ] Yes
[ √ ] No

C.1.16. State the procedures for the selection, appointment, re-election and removal of directors. Describe the competent bodies, procedures to be followed and the criteria to be used in each procedure.

The appointment of members of the Board of Directors is made by the General Shareholders' Meetings, without prejudice to the power of the Board of Directors to appoint members by co-option in the event of vacancies. In this regard, Article 35 of the Company's Articles of Association establishes:
"1. The Board of Directors shall have no less than five and no more than fifteen members, as determined by the General Shareholders' Meeting.
The General Shareholders' Meeting is responsible for setting the number of Board members. To this end, the General Shareholders' Meeting shall proceed directly by establishing said number through express resolution; or indirectly by filling vacancies or appointing new Board members, up to the maximum number established in the foregoing paragraph.
The Board of Directors, in the exercise of its powers to make proposals to the General Shareholders' Meeting and to co-opt to fill vacancies, must ensure, insofar as is possible, in the composition of the body, that external or non-executive directors represent a majority over executive directors, ensuring that the number of independent directors represents at least one third of the total number of Board members. Likewise, the number of Executive Directors must be the minimum necessary, taking into account the corporate group's complexity at all times and the Executive Directors' stake in the Company's capital.
The foregoing notwithstanding the right to proportional representation corresponding to shareholders under the provisions of the applicable legislation.
The definitions of the different classes of Board member will be as established under the legislation in force applicable to the Company.

The nature of each Board member must be explained by the Board of Directors before the General Shareholders' Meeting, which is responsible for implementing or ratifying their appointment. In the event that there is an external director who cannot be considered as proprietary or independent, the Company will explain such circumstance and their links with the Company, its directors or its shareholders.
In the event that the chairperson of the Board of Directors holds the status of executive director, the Board of Directors, with the abstention of the executive directors, must duly appoint a coordinating director from among the independent directors, who shall be specifically authorised to:
Request that the chairperson of the Board of Directors convenes the Board when deemed convenient.
Request the inclusion of matters on the agenda for Board meetings.
Coordinate and voice the concerns and opinions of External Directors.
Direct the evaluation of the chairperson of the Board of Directors.
Chair the Board of Directors in the absence of the chairperson and vice-chairpersons.
Keep in contact with investors and shareholders in order to understand their points of views and thereby form an opinion of their concerns, when so agreed by the Board of Directors.
Coordinate the succession plan for the Chairperson of the Board.
In the event that the chairperson of the Board of Directors is not an executive director, the Board may choose to appoint a coordinating independent director in accordance with the provisions of paragraph 7."
Likewise, Article 23 of the Regulations of the Board of Directors sets out the procedures for the appointment and re-election of directors. Furthermore, the removal of directors is also detailed in Article 26 of the Regulations of the Board of Directors.
Finally, on 25 January 2019, the Company's Board of Directors adopted a policy for the selection of directors, under which the selection of candidates for the post of director will be based on an analysis of the Company's needs, which will be carried out by the Board of Directors with the support and prior report of the Appointments and Remuneration Committee.

C.1.17. Explain the extent to which the self-assessment of the Board has given rise to significant changes in its internal organisation and regarding the procedures applicable to its activities:

**Description of amendments**

There have been no relevant changes as a result of said assessment.

Describe the evaluation process and the areas evaluated by the Board of Directors assisted, where appropriate, by an external consultant, regarding the operation and composition of the Board and its committees and any other area or aspect that has been subject to evaluation.

**Description of the evaluation process and areas evaluated**

Within the framework of the evaluation process of the Board of Directors, assisted by an external consultant, the following has been evaluated: the structure and characteristics of the Board of Directors, the dynamics of the meetings and the internal climate of the Board, the degree of involvement and contribution of values of the directors and the committees, and the relationship of the Board with the "stakeholders" (understood as investors, shareholders, public administrations and, in general, regarding the environment and society in general).

C.1.18. For any years where the evaluation was assisted by an external consultant, list the business relationships between the consultant or any company in their group and the company or any company of its group.

Beyond the contracting for the provision of advisory services on the Board evaluation, there is no other type of relationship between the Company (or any company in the group) and the external consultant.

C.1.19. State the circumstances under which the resignation of directors is mandatory.

In this regard, Article 26 of the Company's Regulations of the Board, establishes the following:
"1. The dismissal of members of the Board of Directors, or any of them, will take place as provided under the legislation applicable at any given time.

Members of the Board of Directors must tender their resignation to the Board of Directors and, if it deems it appropriate, formalise their resignation, in the following cases:
In the case of a Proprietary Director, when they or the shareholder they represent, transfer their stake in the Company.
In the case of an Executive Director, whenever the Board deems it appropriate and, in any case, when they cease to hold their executive position in the Company and/or Group company.
When they are involved in any of the situations of incompatibility or prohibition provided by law.
When they are prosecuted on criminal charges or are the subject of disciplinary proceedings for serious or very serious offences instructed by the supervisory authorities.
In the case of Chief Executive Officers, they will cease to hold such positions at 65 years of age, but may continue as Directors, notwithstanding the provisions of point b) above.
When they are seriously reprimanded by the Board of Directors, following a report by the Audit Committee, for having breached their obligations as Directors.
When their membership of the Board may jeopardise or harm the Company's interests, credit or reputation, or when the reasons why they were appointed no longer apply.
In the event that a member of the Board of Directors ceases to hold their position before the end of their term, by resignation or for any other reason, the reasons must be explained in a letter to be sent to all Board members, and the reason for the dismissal will be published in the annual corporate governance report.
The Board of Directors may only propose the dismissal of an independent director before the end of their statutory term when there is just cause, as assessed by the Board of Directors. In particular, it will be deemed that there is just cause when the Director has breached the duties inherent to their position, or is in any of the situations described in the definition of Independent Director set out under current regulations or, failing this, in the recommendations on good corporate governance applicable to the Company at any given time.

C.1.20. Are qualified majorities, different from the statutory majorities, required to adopt any type of decision?:

[ ] Yes
[ √ ] No
If so, describe the differences.

C.1.21. Explain whether or not there are specific requirements, other than the requirements relating to directors, to be appointed chairman of the Board of Directors.
[ ] Yes
[ √ ] No

C.1.22. State whether or not the Articles of Association or the regulations of the Board set forth any age limit for directors:

[ ] Yes
[ √ ] No

It should be noted that Article 26.2 (e) of the Regulations of the Board of Directors does establish a limit only for directors who are managing directors, which is 65 years old, although they may continue as directors.

C.1.23. State whether or not the Articles of Association or the regulations of the Board establish any limit on the term of office or any other stricter requirements in addition to those legally stipulated for independent directors, other than what is established in the regulatory provisions:
[ ] Yes
[ √ ] No

C.1.24. State whether or not the Articles of Association or the regulations of the Board set out any specific rules for proxy-voting by means of other directors at meetings of the board of directors, the manner of doing so, and especially the maximum number of proxies that a director may hold, as well as whether or not any restriction has been established regarding the categories of directors to whom proxies may be granted beyond the restrictions imposed by law. If so, briefly describe such rules.

Article 41.2 of the Articles of Association establishes the following:
"2. Representation shall be conferred in writing, specifically in favour of another Director, with precise instructions as to voting whenever possible and specifically for each meeting. The Chairperson shall be informed of all conferred representation. In particular, Non-Executive Directors may only be represented by another Non-Executive Director."

C.1.25. State the number of meetings that the Board of Directors has held during the financial year. In addition, specify the number of times the Board has met, if any, at which the chairman was not in attendance. Proxies granted with specific instructions shall be counted as attendance.

| | |
|---|---|
| Number of meetings of the Board | 9 |
| Number of meetings of the Board at which the chairperson was not in attendance | 0 |

State the number of meetings held by the coordinating director with the other directors, without the attendance or representation of any executive director:

| | |
|---|---|
| Number of meetings | 0 |

State the number of meetings held by the different committees of the Board of Directors during the financial year:

| | |
|---|---|
| Number of meetings of the Audit and Compliance Committee | 8 |
| Number of meetings of the Appointments and Remuneration Committee | 5 |

C.1.26. State the number of meetings that the Board of Directors has held during the financial year and the data regarding member attendance:

| | |
|---|---|
| Number of meetings attended in person by at least 80% of the directors | 9 |
| % personal attendance out of total votes during the financial year | 100.00 |
| Number of meetings attended in person, or by representatives with specific instructions, by all directors | 8 |
| % votes cast with personal attendance and representatives with specific instructions, out of the total votes during the financial year | 100.00 |

C.1.27. State whether or not the annual individual accounts and the annual consolidated accounts that are submitted to the board for approval are previously certified:

[ ] Yes
[ √ ] No

Identify, where applicable, the person(s) that has(have) certified the Individual and Consolidated Financial Statements of the Company for preparation by the Board:

C.1.28. Explain the mechanisms, if any, adopted by the Board of Directors to avoid any qualifications in the audit report on the Individual and Consolidated Financial Statements prepared by the Board of Directors and submitted to the shareholders at the General Shareholders' Meeting.

The Audit Committee supervises the process of preparing and presenting regulated financial information. In this regard, the Audit Committee supervises the preparation process and the integrity of the financial information concerning the Company and, where applicable, the Group, reviewing
compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
In addition, the Audit Committee, as a communication channel between the external auditor and the Board of Directors, will regularly receive from the external auditor information on the audit plan and the result of its implementation, and it will establish the appropriate relations with the auditor to receive information on issues that may jeopardise their independence, which shall be considered by the Audit Committee, and any other related to the account auditing process

C.1.28. Is the secretary of the Board of Directors?

[ ] Yes
[ √ ] No

If the secretary is not a director, complete the following table:

| Individual or company name of the secretary | Representative |
|---|---|
| MR JOSEBA ANDONI OLAMENDI LÓPEZ | |

C.1.30 State the specific mechanisms established by the company to preserve the independence of the external auditors and also the mechanisms, if any, to preserve the independence of financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice.

Article 16.4 of the Regulations of the Board of Directors, within the description of the duties of the Audit and Compliance Committee, reserves the following for this committee:
"(vii) Establish appropriate relations with the auditors to receive information on issues that could jeopardise their independence, for consideration by the Audit Committee, and any other issues relating to the audit process, as well as other communications covered under auditing legislation and other auditing standards. In any case, it must receive annually from the statutory auditors a written confirmation of their independence from the Company and entities directly or indirectly connected to it, as well as information on additional services of any kind provided to said entities by the aforementioned auditors, or by persons or entities connected to them, in accordance with the provisions of auditing legislation."
"(viii) Issue annually, prior to the audit report, a report expressing an opinion on the independence of the statutory auditors. This report must in any case decide on the provision of the additional services referred to in the previous paragraph, considered individually and as a whole, other than the statutory audit and in relation to the independence and auditing legislation."
EL 16.5. (d) for its part, states that:
"Within the function of ensuring the independence of the external auditor, ensuring that: (i) the Company reports the change of auditor as a noteworthy event to the National Securities Market Commission, accompanying it with a statement on the potential existence of disagreements with the outgoing auditor and, where relevant, the content thereof; (ii) the Company and the auditor respect the standards in force on the provision of services other than auditing services and, in general, other standards established to ensure the independence of auditors; and (iii) in the case of the resignation of the external auditor, it analyses the circumstances causing this."

C.1.31. State whether or not the Company has changed the external auditor during the financial year. If so, identify the incoming and the outgoing auditor:

[ ] Yes
[ √ ] No

If there has been any disagreement with the outgoing auditor, provide an explanation:

[ ] Yes
[ √ ] No

C.1.32. State whether or not the audit firm performs other non-audit work for the company and/or its group. If so, state the amount of the fees paid for such work and the percentage they represent of the aggregate fees charged to the company and/or its group:

[ √ ] Yes
[ ] No

| | Company | Group companies | Total |
|---|---|---|---|
| Amount of other non-audit work (thousands of euros) | 24 | 0 | 24 |
| Amount of non-audit work / Amount of audit work (in %) | 6.58 | 0.00 | 6.58 |

C.1.33. State whether the audit report on the Financial Statements for the prior financial year has observations or qualifications. If so, state the reasons given to the shareholders in the General Meeting by the chairperson of the Audit Committee to explain the content and scope of such observations or qualifications.

[ ] Yes
[ √ ] No

C.1.34. State the consecutive number of years for which the current audit firm has been auditing the Individual and/or Consolidated Financial Statements of the Company. In addition, state the percentage represented by such number of financial years audited by the current audit firm with respect to the total number of financial years in which the statements have been audited:

| | Individual | Consolidated |
|---|---|---|
| Number of continuous financial years | 2 | 2 |

| | Individual | Consolidated |
|---|---|---|
| No. of years audited by the current auditing firm/No. of | 8.33 | 18.18 |

| | Individual | Consolidated |
|---|---|---|
| years the company or its group has been audited (in %) | | |

C.1.35. State whether or not there is any procedure for directors to obtain in good time the information required to prepare for meetings of management-level decision-making bodies and, if so, describe it:
[ √ ] Yes
[ ] No

**Describe the procedure**

In accordance with the provisions of Article 39.2 of the Articles of Association and Article 20.2 of the Regulations of the Board of Directors, the call of each Board meeting must be sent in advance as indicated in said articles and accompanied by the relevant information for the purposes of the agenda.
In this regard, Article 29 of the Company's Regulations of the Board, establishes the following:
"Article 29. Expert assistance.
With a view to being assisted in the exercise of their roles, any member of the Board of Directors may request that legal, accounting, financial, technical or commercial advisers, or other experts, be engaged, at the Company's expense, if they deem it necessary to perform their duties appropriately. Said engagement must necessarily be concerning specific issues that are particularly complex.
The request must be made to the Chairperson of the Board of Directors, and may be vetoed by the Board if it considers that:
it is not necessary for the proper performance of the duties entrusted to the members of the Board of Directors;
its cost is not reasonable in view of the issue's significance and the Company's assets and revenues;
the assistance requested could be appropriately provided by experts and technicians from the Company itself, or others who have already been recruited by it; or
it could pose a risk to the confidentiality of the information to be handled."
In addition, since January 2019, a digital tool has been in place to channel communications to directors, along with access to relevant documentation.

C.1.36. State whether or not the company has established any rules requiring directors to inform the company —and, if applicable, resign from their position— in cases in which the credit and reputation of the company may be damaged:
[ √ ] Yes
[ ] No

**Explain the rules**

Pursuant to Article 26.2 (g) of the Regulation of the Board, directors shall resign "when their membership of the Board may jeopardise or harm the Company's interests, credit or reputation, or when the reasons why they were appointed no longer apply."

State whether or not any director of the Board of Directors has notified the company that he or she has been indicted or tried in proceedings for any of the offences provided for under Article 213 of the Spanish Companies Act:
[ ] Yes
[ √ ] No

Describe any significant agreements entered into by the company that take effect, are amended, or terminate in the event of a change in control of the company as a result of a takeover bid, and the effects thereof.

Not applicable

C.1.39. Identify, on an individual basis in reference to directors, and on an aggregate basis for all other cases, and provide a detailed description of the agreements between the company and its management level or employees that have compensation, guarantee or “golden parachute” clauses upon resignation or termination without cause, or if the contractual relationship is terminated as a result of a takeover bid or other type of transaction.

| | |
|---|---|
| Number of beneficiaries | 0 |
| Type of beneficiary | Description of agreement |
| Not applicable | Not applicable |

State whether or not, beyond the cases set out in the regulations, such agreements have to be reported and/or approved by the decision-making bodies of the company or its group. If so, specify the procedures, cases set out and the nature of the decision-making bodies responsible for approving or reporting them:

| | Board of Directors | General Shareholders’ Meeting |
|---|---|---|
| Decision-making body approving the provisions | √ | |

| | Yes | No |
|---|---|---|
| Is the General Shareholders’ Meeting informed of such provisions? | | √ |

As of 31 December 2019, there were no such clauses in directors' contracts. However, with effect from 15 February 2020, executive directors shall be entitled to receive termination compensation in the event of their separation or cessation as directors or in the event of their withdrawal from executive duties. This compensation shall amount to the sum of the annual fixed remuneration plus the variable remuneration on one-year targets (corresponding to the calendar year prior to that in which the separation or cessation of the directorship or the withdrawal from the executive functions took place). Likewise, and also with effect from 15 February 2020, the executive directors have signed a non-competition commitment for one year from the date of their separation, cessation or withdrawal from executive functions for which they will be entitled to receive compensation equivalent to the fixed annual remuneration corresponding to the calendar year prior to that in which the separation or cessation or withdrawal from executive functions occurred.
The Board of Directors will submit to the General Shareholders' Meeting the partial amendment of the remuneration policy for the years 2018 to 2020, which will include the existence of any of these clauses, for approval.
Agreements with the company's management team or key personnel do not include clauses of the type mentioned in section C.1.39.

C.2. Committees of the Board of Directors

C.2.1. Describe all of the committees of the Board of Directors, the members thereof, and the proportion of executive, proprietary, independent, and other external directors of which they are comprised:

| Audit and Compliance Committee | | |
|---|---|---|
| Name | Position | Category |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | MEMBER | Independent |
| MR IGNACIO ARTAZCOZ BARRENA | CHAIRMAN | Independent |
| MR RAFAEL CANALES ABAITUA | MEMBER | Proprietary |

| | |
|---|---|
| % executive directors | 0.00 |
| % proprietary directors | 33.33 |
| % independent directors | 66.67 |

| | |
|---|---|
| % of other external directors | 0.00 |

It is noted that on 15 January 2020 the composition of the Audit and Compliance Committee was changed. In this regard, Ms Begoña Beltrán de Heredia was appointed as the new chairwomen of the committee, replacing Mr Ignacio Artázcoz, who stepped down, and Ms Gina Domanig was appointed as a new member of the committee, which, as a result, comprised Mr Rafael Canales, Ms Gina Domanig and Ms Begoña Beltrán, the latter as chairwoman.

Explain the functions, including, where appropriate, any extra ones provided for by law, attributed to this committee, and describe the procedures and rules for its organisation and functioning. For each of these functions, state the most important actions carried out during the year and how each of the functions attributed, whether by law, in the Articles of Association or other corporate resolutions, have effectively been performed.

Article 16 of the Regulations of the Board of Directors sets out all the functions of the committee, as well as its procedures and rules of organisation and operation.

The most important actions during the year were as follows:

As regards the financial information, the Committee has reported all the periodic public information that the Company has made public during the 2019 financial year, in accordance with the applicable legislation.
With regard to non-financial information, the committee consulted with the external auditor on the need to draw up the non-financial information statement for the financial year 2018, having obtained confirmation that it was not required.
-With regard to the associated internal control mechanisms, the committee has initiated the adaptation and implementation of the internal control system on the financial information (ICFRS) of the Company.
In the area of risk management and control, the Committee initiated the preparation of a new risk map for the Company, as well as the criminal risk prevention plan.
The Company has set up an Internal Audit Department, having approved the proposed text of the regulation of the Company's internal audit department and the internal audit work plan for the year 2020.
The Committee has kept in contact with the external auditor in the exercise of its functions, having been invited to 5 of the 8 meetings held by the Committee.

Identify any directors who are members of the Audit Committee and who have been appointed taking into account their knowledge and experience in the areas of accounting, auditing, or both, and report the date of appointment of the chairperson of this committee.

| | |
|---|---|
| Name of directors with experience | MS BEGOÑA BELTRÁN DE HEREDIA VILLA / MR IGNACIO ARTÁZCOZ BARRENA / MR RAFAEL CANALES ABAITUA |
| Date of appointment of the current chairperson | 09/11/2018 |

| Appointments and Remuneration Committee | | |
|---|---|---|
| Name | Position | Category |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | CHAIRMAN | Independent |
| MR IGNACIO ARTAZCOZ BARRENA | MEMBER | Independent |
| MS INÉS ARELLANO GALÍNDEZ | MEMBER | Proprietary |

| | |
|---|---|
| % executive directors | 0.00 |
| % proprietary directors | 33.33 |
| % independent directors | 66.67 |
| % of other external directors | 0.00 |

It is noted that on 15 January 2020 the composition of the Appointments and Renumeration Committee was changed. In this regard, Ms Gina Domanig was made a new member of the committee, replacing Mr Ignacio Artázcoz, who stepped down, and Ms Gina Domanig was appointed as the new chairwoman of the committee that, as a result, comprises Mr Rafael Canales, Ms Begoña Beltrán de Heredia, Ms Inés Arellano and Ms Gina Domanig, the latter as chairwoman.

Explain the functions, including, where appropriate, any extra ones provided for by law, attributed to this committee, and describe the procedures and rules for its organisation and functioning. For each of these functions, state the most important actions carried out during the year and how each of the functions attributed, whether by law, in the Articles of Association or other corporate resolutions, have effectively been performed.

Article 17 of the Regulations of the Board of Directors sets out all the functions of the committee, as well as its procedures and rules of organisation and operation.
In 2019, it has met on 5 occasions. During the year, the following actions, among others, were deemed the most significant:
As regards appointments, the Committee analysed the proposed Policy for the Selection of Directors, presenting, discussing and reporting positively on its subsequent approval by the Board of Directors, and it reported in the required manner on the various appointments to the Board and committees that have taken place during the year.
In the area of remuneration, the following actions should be highlighted:
The Committee analysed the proposed management remuneration scheme.
The committee analysed the proposed 2018-2020 Multi-Annual Remuneration Programme.
The Committee analysed the proposal for the annual remuneration of directors for the 2018 financial year.
The Committee reviewed the proposed targets for annual variable remuneration for 2019 applicable to both the CEO and the other executives, as well as the proposed targets for annual variable remuneration for 2019 applicable only to the CEO.
The Committee analysed the proposed contract of the CEO.
The Committee proposed to the Board of Directors the hiring of an external consultant to carry out the annual evaluation; in that sense, after evaluating different firms, it proposed the engagement of Gesdirección, an external consultancy expert in the evaluation of management bodies. The committee also coordinated and monitored the implementation of the evaluation by the external consultant.

C.2.2. Complete the following table with information on the number of female directors on the committees of the Board of Directors at the end of the last four financial years:

| | Number of female directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | | 2018 | | 2017 | | 2016 | |
| | Number | % | Number | % | Number | % | Number | % |
| Audit and Compliance Committee | 1 | 33.33 | 1 | 33.33 | 0 | 0.00 | 0 | 0.00 |
| Appointments and Remuneration Committee | 2 | 66.66 | 1 | 33.33 | 0 | 0.00 | 0 | 0.00 |

C.2.3. State, where applicable, the existence of regulations of the board committees, where such regulations can be consulted, and any amendments made during the financial year. Also state if any annual report of the activities performed by each committee has been voluntarily prepared.

The regulation of each of the committees of the Board of Directors is described in the Regulations of the Board of Directors of the company, which were approved by the Board at its meeting on 8 September 2018 and came into force on 5 December 2018 as a result of the Company's IPO. The Regulations of the Board of Directors are available on the Company's website https://www.solarpack.es/accionistas-e-inversores/gobierno-corporativo/reglamentos/ During the year 2019, there have been no amendments to the regulations of the committees. Both committees have produced the required annual report on their activities.

## D. RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1. Explain, where applicable, the procedure and competent bodies for approving related party and intragroup transactions.

The transactions that the Company or its subsidiaries carry out with directors or significant or represented shareholders on the Board of Directors, or with persons related to them, must be previously submitted to the Board for approval. In any case, related-party transactions are carried out under market conditions.

D.2. Describe the significant transactions in terms of amount or subject matter made between the company or entities belonging to its group, and the company's major shareholders:

| Individual or company name of significant shareholder | Individual or company name of the company or entity within the group | Nature of the relationship | Type of transaction | Amount (thousands of euros) |
|---|---|---|---|---|
| No details | | | | N/A |

D.3. Describe the insignificant transactions in terms of amount or subject matter made between the company or entities belonging to its group, and the company's directors or officers:

| Individual or company name of the directors or executives | Individual or company name of related party | Relation | Nature of the transaction | Amount (thousands of euros) |
|---|---|---|---|---|
| No details | | | | N/A |

D.4. Report on the significant transactions made by the Company with other entities belonging to the same group, provided they are not eliminated in the preparation of the Consolidated Financial Statements and they are not part of the ordinary course of business of the company insofar as their purpose and conditions are concerned.

In any case, report any intragroup transaction carried out with entities established in countries or territories considered to be tax havens:

| Name of entity within the group | Brief description of transaction | Amount (thousands of euros) |
|---|---|---|
| No details | | N/A |

D.5. Give details of any significant transactions carried out between the company or entities in its group and other related parties that have not been disclosed under the previous headings:

| Company name of related party | Brief description of transaction | Amount (thousands of euros) |
|---|---|---|
| No details | | N/A |

D.6. Describe the mechanisms used to detect, determine, and resolve potential conflicts of interest between the company and/or its group, and its directors, executives, or significant shareholders.

In this regard, Article 34 of the Regulations of the Board, establishes the following:
"1. Members of the Board of Directors must adopt the measures required to prevent conflicts of interest in accordance with the provisions of the law.
There will be deemed to be a conflict of interest in situations in which the Company's interests and the Director's personal interests come into direct or indirect conflict. The Director will have a personal interest when the matter affects them or a Connected Person or, in the case of a Proprietary Director, the shareholder or shareholders who proposed or made their appointment or persons directly or indirectly connected to them.
For the purposes of these Regulations, the following will be considered to be Persons Connected to the Director:
The Director's spouse or persons with an analogous relationship.
The ascendants, descendants and siblings of the Director or the Director's spouse.
The spouses of the Director's ascendants, descendants and siblings.
Companies in which the Director, personally or through an intermediary, is in any of the situations covered under Article 42 of the Spanish Companies Code.
With respect to a Director that is a legal entity, the following will be deemed to be Connected Persons:
Shareholders who are, with respect to the Director that is a legal entity, in any of the situations covered under Article 42 of the Spanish Companies Code.
Administrators, de jure or de facto, liquidators and proxies with general powers of attorney for the Director that is a legal entity.
Companies that are part of the same group, as defined under Article 42 of the Spanish Companies Code, and their shareholders.
Persons who, with respect to the representative of the Director that is a legal entity, are considered to be Persons Connected to the Directors, according to this section.
The following rules will apply to conflicts of interest:
Communication: directors must communicate to the Board of Directors and the Audit Committee, through the chairperson or the secretary, any conflicts of interest in which they find themselves.
Abstention: the Director in question must abstain from attending or participating in the deliberation and voting phases in connection with matters in which they have a conflict of interest. In the case of Proprietary Directors, they must abstain from participating in voting on matters that may entail a conflict of interest between the shareholders that proposed their appointment and the Company.
Transparency: the Company will, when applicable under legislation, report any conflicts of interests of Directors during the financial year in question, recorded in the affected party's communication or by any other means."

D.7. Is more than one company of the group listed in Spain?

[ ] Yes
[ √ ] No

## E. RISK CONTROL AND MANAGEMENT SYSTEMS

### E.1. Explain the scope of the company's Risk Management & Control System, including the system for managing tax risks:

The management of business risks in the Company involves procedures supervised by the governing body, undertaken by the management and executed in the course of business of the organisation.

### E.2. Identify the decision-making bodies of the company responsible for preparing and implementing the Risk Control and Management System, including taxation:

Responsibility for the supervision of the risk management and control system, including taxation, lies with the Audit and Compliance Committee, which particularly relies on the Internal Audit, the Finance Department and the Legal Department for its supervision and proper functioning. The Board of Directors is responsible for designing and implementing the risk control and management policy, including fiscal risks, and the supervision of the internal information and control systems.
The company's risk management requires that all business areas identify and assess the risks they face in achieving their business objectives, in order to detect in good time the appropriate mitigating measures that reduce or eliminate the probability of occurrence of the risk or its possible impact on the objectives in the event of materialisation.

### E.3. State the main risks, including tax risks and insofar as those arising from corruption are significant (the latter being understood under the scope of Royal Decree Law 18/2017), which may affect the achievement of the business objectives.

Operational Risks:
Regulatory risk: the electricity generation and sales sector is subject to diverse regulations. A change in regulations or delays in obtaining licences or permits could be detrimental to the Company's business. Similarly, any restriction on access to the distribution networks in the various markets in which it operates could have an impact on the Company's results.
Operational Risk: The operational risk lies in the impossibility of generating electricity or of completing work on a solar PV plant. The Company operates in different markets on 5 continents, with material and personnel flow at an intercontinental level. Consequently, the variation in diverse macroeconomic, social, political or health conditions in these geographic areas may have an impact on the Company's activity.
Risk of customer concentration: In its POWGEN segment, the Solarpack Group operates with Power Purchase Agreements (PPAs) or with regulatory schemes that in many cases have a principal customer as the buyer of the power (100% in the case of PPAs with a single customer). However, this risk of customer concentration is mitigated by the fact that PPAs are long-term and oblige the buyer to purchase energy throughout that period.
Financial risks:
Interest rate risk: The existence at the Group of bank borrowings tied to a floating interest rate, as part of the financial debt, means that the Solarpack Group is exposed to the risk of interest rate fluctuations, which directly affect profit or loss and the generation of cash flows. This is made even more significant by the fact that the average term of the Solarpack Group’s borrowings is high, due to the relative importance of project finance borrowings. The mitigation of the Solarpack Group in this area is to arrange hedging financial instruments, mainly interest rate derivatives (IRSs), which insolvency of the buyer and not as a result of commercial decisions of the latter, and not by the same commercial decisions, once the PPA is signed.
Exchange rate risk: Solarpack Group's activity is highly internationalised and it is therefore influenced by several currencies. Within these currencies, the US dollar and the Indian rupee are particularly significant. Exchange rate risk is managed differently in each of the Solarpack Group's segments and different policies are applied in each segment to mitigate such risk.
Credit risk: The Solarpack Group's sales are concentrated on various types of customers (private or public companies in various sectors such as utilities, electricity distributors, mining companies or infrastructure managers). There is a business risk arising from trade balances pending collection. The Solarpack Group continuously analyses these balances, as well as the evolution of its customers' credit quality. There is also a credit risk arising from cash and cash equivalents and deposits with banks and financial institutions, which is considered to be reduced by the credit quality of the banks with which the Group operates, or cash equivalent securities in which there is investment.

Liquidity risk: Prudent liquidity risk management involves maintaining sufficient cash and the availability of financing through a sufficient amount of credit facilities. In this sense, the Group's strategy is to maintain the necessary flexibility in financing through the existence of financial assets and the availability of committed credit lines. Excess cash
held by the operating entities in excess of the balance required for working capital management purposes is transferred to the Group's Finance Department, which invests such surpluses in current accounts, time deposits, money market deposits and marketable securities, choosing instruments with suitable maturities or sufficient liquidity to provide the means determined by the aforementioned forecasts.
Management monitors reviews of the Group's liquidity reserve, as well as the evolution of net financial debt.
Risks associated with the compliance with anti-corruption regulations:
The Company undertakes its activity and has personnel in various markets that are subject to various anti-corruption compliance obligations.

## E.4. Identify whether the entity has risk tolerance levels, including one for tax risk:

The Company approves the acceptable risk level for each type of risk, type of business and geographic location, as well as the permitted levels of deviation based on the strategic objectives and the strategic lines for their achievement. Acceptable risk levels are updated in line with changes in corporate strategy and business risk profiles. Risks that threaten the achievement of business objectives, including the tax risks, are periodically assessed on the basis of their potential impact on financial results and their likelihood of occurrence. The combination of the impact and the probability of occurrence determines the severity level of the risk.

## E.5. State what risks, including tax risks, have materialised during the financial year:

In 2019, no risks materialised, in the sense that the acceptable levels identified for these risks were not exceeded.

## E.6. Explain the response and oversight plans for the entity's main risks, including tax risks, as well as the procedures followed by the Company to ensure that the board of directors responds to any new challenges that arise:

Considering the geographic diversification and the degree of decentralisation of the Company, the corporate risk management procedures are linked to those of each department and business unit, where each management level is responsible for compliance with the applicable rules and internal procedures. The Company's management evaluates and verifies the suitability of the internal rules and procedures, based on the various contributions received from each of the Company's departments. Communication between senior management and the heads of each department is direct, regular and fast, which guarantees a prompt response in the event a risk materialises.

## F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF ISSUING FINANCIAL REPORTS (ICFRS)

Describe the mechanisms making up the risk control and management systems with respect to the process of issuing the entity's financial information (ICFRS).

F.1. **Control environment at the entity.**

Indicate at least the following, specifying the main features thereof:

F.1.1. What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective internal control over financial reporting system (ICFRS); (ii) the implementation thereof; and (iii) oversight thereof.

The Board of Directors of the Company is the body responsible for, among other matters, updating and continuous improvement of the Company's corporate governance system under current legislation and recommendations on good corporate governance of recognised companies, adopting within its remit or proposing to the General Shareholders' Meeting the resolutions that are required or appropriate. The existence and maintenance of the ICFRS is also considered to be part of its responsibility within these functions. The Company's Audit and Compliance Committee is the body responsible for supervising the effectiveness of the ICFRS, internal audit and the corporate risk management process, as well as discussing with the statutory auditors or audit firms the significant weaknesses of the internal control system detected in the course of the audit. The Financial Department is responsible for the design and implementation of the ICFRS, ensuring the establishment and design of the internal control procedures to be implemented in the operations of the company and its group. During the 2019 financial year, the Company has reviewed, updated and documented the ICFRS.
The competencies of the Internal Audit Department include overseeing "the efficient functioning of the internal control over the financial reporting system (ICFRS) established by the Company for the preparation and presentation of the economic-financial information of the Group". During financial year 2019, internal audit body has overseen several ICFRS processes.

F.1.2. Whether any of the following are in place, particularly as regards the financial information preparation process:
- Departments and/or mechanisms in charge of: (i) the design and revision of the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of work and duties; and (iii) ensuring that there are sufficient procedures for the proper dissemination thereof at the entity:

The Board of Directors is responsible for establishing and periodically reviewing the organisational structure of the company and its group at the highest level, and it delegates to the management the responsibility of ensuring that the dependent structures have sufficient human and material resources.
With regard to the process of preparing the financial information, there is a global interrelated finance department whose manager reports directly to the CEO. Within the framework of the internal policies and procedures of the Company and its group, the responsibilities and duties of all those persons who participate directly in preparing and reviewing the financial information have been identified and duly communicated.
There are internal controls in place to ensure that any change in the processing of financial information is distributed to the appropriate personnel in a timely and appropriate manner.

Code of conduct, body that approves it, degree of dissemination and instruction, principles and values included (indicating whether the recording of transactions and the preparation of financial information are specifically mentioned), body in charge of reviewing breaches and of proposing corrective actions and penalties:

The company currently has an Internal Code of Conduct for matters relating to the Securities Markets, which is available on the Company's website, and it has been distributed to all the corresponding personnel through the communications channels set up for such purpose.
The Board of Directors is responsible for establishing and approving the Code. The purpose of said Code is to establish the rules of conduct that must be respected by any persons within its scope in the performance of their activities related to securities markets, with a view to preventing and avoiding any possible market abuse, in accordance with the provisions of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.

The Company also has an Employee Manual, which establishes a Code of Conduct for employees that contains basic rules and principles aimed at guaranteeing commitment to and transparency of relations and transactions with customers, suppliers and other employees, while also safeguarding of health, safety and the environment.
There is also a reporting channel where employees can report any incidents that they believe are contrary to the good practices pursued. This manual is provided to all employees when they join any company in the group. This manual is also accessible to all employees on the Company's intranet.

- Reporting channel that makes it possible to report any irregularities of a financial or accounting nature to the Audit Committee, as well as any possible breach of the Code of Conduct and irregular activities at the organisation, specifying, if appropriate, whether or not it is confidential:

The Company's reporting channel operates through an email address, which is the means by which all professionals can securely report all irregularities that arise in the course of business.
Any irregularity of a financial or accounting nature, or any behaviour contrary to the Company's Code of Conduct, reported through this channel, will be reported to the Audit Committee.

Regular training and update programmes for personnel involved in the preparation and review of financial information, as well as in the evaluation of the ICFRS, covering at least accounting standards, auditing, internal control, and risk management:

The heads of each department establish the training needs they deem appropriate for their corresponding area. These needs are transmitted to the Human Resources Department, which manages them, either with internal or external resources. With respect to the personnel involved in the preparation and review of financial information, as well as in the evaluation of the ICFRS, the heads of these departments maintain permanent and fluid communication with their external auditors and other accounting experts, who promptly inform them of new developments in the areas of accounting and risk management and the internal control of financial information, and provide them with material and support for any corresponding updating.
If necessary, due to importance or magnitude, specific training processes are designed for subject matters.

**F.2. Risk assessment of financial information.**

Indicate at least the following:

F.2.1. What are the main features of the risk identification process, including the process of identifying the risks of error or fraud, with regards to:

- Whether the process exists and is documented:

The Board of Directors is responsible for identifying the risk levels it is willing to assume and it must design and implement the risk management and control policy.
The error-related risk identification process is one of the steps in the methodology for developing internal financial information controls. The methodology is based on the analysis of the financial information in the different companies and corporate areas, in order to select the most relevant accounting headings and report notes, in accordance with quantitative (materiality) and qualitative (business risk and visibility to third parties) criteria. The selected headings and notes are grouped into large processes in which the selected information is generated.
The processes are analysed and a description of each one of them is prepared, as a means for identification of the possible risks of error in the financial information, in relation to attributes such as integrity, presentation, assessment, edit, recording and validity.
The risks identified are subject to a prioritisation process, the most relevant being selected by applying professional judgment on a series of indicators (existence of documented processes and controls, existence of systems that automate the processes, if there have been incidents in the past, if the process is known and well-developed or if judgments need to be applied to make estimates).
The risks of fraud are implicitly identified to the extent that they may generate material errors in the financial information. Once the most relevant risks have been selected, the necessary controls for their mitigation or management are selected and designed, and these controls are monitored and documented, as well as systematically reviewed.
The risks selected are reviewed at least annually, as part of the evaluation of the effectiveness of the internal control by those responsible.

- Whether the process covers all the objectives of financial reporting (existence and occurrence; integrity; assessment; presentation, breakdown and comparability, and rights and obligations), whether it is updated, and how often:

The cycles or extensive processes in which the financial information is generated are analysed on a yearly basis to detect possible error-related risks in relation to attributes such as validity (existence and authorisation), integrity, assessment, presentation, edit and recording.

- The existence of a process for the identification of the scope of consolidation, taking into account, among other matters, the possible existence of complex corporate structures, holding entities, or special purpose entities:

The identification and risk assessment process takes into account all the processes, the group companies and their various structures, the peculiarities of each country and business line, and pays special attention to the risks arising from those transactions which, due to their complexity or relevance, require specialised management.

The process takes into account the effects of other types of risks (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the Financial Statements:

The process of identifying risks of error in the financial information takes into account all risks corresponding to such information as well as the effects of other types of risks (operational, technological, legal, reputational, environmental, etc.), insofar as their impact on the Financial Statements. However, an explicit identification process on said risk types is not carried out in identifying financial information risks.

What governance body of the entity supervises the process:

The governing body that supervises the process is the Audit Committee, supported in this function by Internal Audit department. The Audit Committee is responsible for periodically reviewing the internal control and risk management systems, so that the main risks are detected, managed and made known in an appropriate manner.

**F.3. Control activities.**

Indicate whether at least the following are in place and describe their main features:

F.3.1. Procedures for reviewing and authorising financial information and the description of the ICFRS, to be published in the securities markets, indicating those responsible, as well as descriptive documentation of the activity and control flows (including those related to fraud risks) of
the different types of transactions that may materially affect the Financial Statements, including the accounting closing procedure and the specific review of relevant judgments, estimates, assessments and projections.

The quarterly, half-yearly and annual financial information is prepared under the supervision of the financial management and is then submitted to the Audit Committee, which informs the Board of Directors for its appropriate formulation and approval, before publication. In this process, the Finance Department is important, which, within the consolidation and accounting closing process, carries out various control activities that ensure the veracity of the information submitted.
The Company has identified processes that entail a risk of material impact on the preparation of the financial information, which are represented through a risk and control matrix. This matrix describes the control activities and how they respond to the risks associated with achieving the reliability objectives of the financial information, including fraud. It also details who is responsible for the execution and review of each control activity, and the frequency with which it is to be carried out. Every year this information is included in the internal control review and internal audit process to be carried out by the Internal Audit body.

F.3.2. Policies and procedures of internal control over reporting systems (including, among others, security of access, control of changes, operation thereof, operational continuity, and segregation of duties) that provide support for the significant processes of the entity in connection with the preparation and publication of financial information.

The Finance Department is responsible for ensuring the functioning of the information systems, in particular with regard to the preparation processes of financial information.
The fundamental objectives are to establish technical and organisational measures for the systems, disseminate security policies and standards, minimise risks in the use of information technologies, avoid the loss of sensitive information and to ensure greater integrity, veracity and confidentiality of the information produced.
Throughout the year 2019, the Company has carried out a process of reviewing, updating and recording these control policies and procedures.

F.3.3. Internal control policies and procedures designed to supervise the management of activities outsourced to third parties, as well as those aspects of assessment, calculation, or valuation entrusted to independent experts, which may materially affect the accounts.

The Company periodically reviews the activities carried out by third parties that are relevant to the process of preparing the financial information or could indirectly affect its reliability. In 2019, the Company implemented a new computer application for business resource planning (BRP).
The evaluations, calculations or assessments entrusted to third parties that may materially affect the Financial Statements are subject to an internal review process to verify the correctness of the most significant hypotheses and assumptions used and reviewed and contrasted by the external auditors.
Internationally recognised suppliers are used, ensuring that they are not affected by any event that could hinder their independence.

**F.4. Reporting and communication.**

Indicate whether at least the following are in place and describe their main features:

F.4.1. A specific function charged with defining and updating accounting policies (accounting policy area or department) and with resolving questions or conflicts arising from the interpretation thereof, maintaining fluid communications with those responsible for operations at the organisation, as well as an updated accounting policy manual that has been communicated to the units through which the entity operates.

The Finance Department is responsible for keeping the accounting policies up to date and for resolving any doubts or disputes arising from their interpretation.
The personnel involved in the process of preparing and reviewing the financial information are permanently informed of any accounting or fiscal modification through alert subscriptions from the main auditing firms and regulatory bodies, and they regularly attend training and refresher courses on taxation and accounting matters.

F.4.2. Mechanisms to capture and prepare financial information with standardised formats, to be applied and used by all units of the entity or the group, supporting the principal accounts and the notes thereto, as well as the information provided on the internal control over financial reporting system.

The Company's financial information is prepared through a process of aggregating individual financial statements for subsequent consolidation in accordance with the accounting and consolidation standards applicable to it until the consolidated financial information is obtained.
The mechanism for capturing and preparing the information that supports the Company's Financial Statements is mainly based on the use of a consolidation tool, accessible in all geographical areas.
A large part of the information that supports the breakdowns and report notes is included in the consolidation tool, with the rest being covered through homogeneous electronic formats, called reporting packages, which are prepared for the half-yearly and annual closings.

**F.5. Supervision of the operation of the system.**

Indicate and describe the main features of at least the following:

F.5.1. The activities of overseeing the internal control over financial reporting system (ICFRS) performed by the Audit Committee, and also whether or not the entity has an internal audit department whose duties include providing support to the committee in its task of overseeing the internal control system, including the ICFRS. Information is also to be provided concerning the scope of the assessment of the ICFRS performed during the financial year and on the procedure whereby the person or division charged with performing the assessment reports the results thereof, whether the entity has an action plan in place describing possible corrective measures, and whether the impact thereof on financial information has been considered.

Through the internal audit department, the Company supports the Audit Committee in undertaking its duties, one of which is supervising the functioning of the Company's control environment. The duties of the Internal Audit Department includes, within its annual Internal Audit Plan, the supervision of the Company's ICFRS. This Annual Plan is approved by the Audit Committee and used as the basis for periodic reporting on internal auditing activities.
The Internal Audit Department has supervised specific processes of the ICFRS, reporting the results of its analyses to the departments involved and to the Audit Committee, establishing action plans for the implementation of the recommendations observed, where appropriate.

F.5.2. Indicate whether there is a discussion procedure whereby the auditor (pursuant to TAS), the Internal Audit Department and other experts can report any significant internal control weaknesses encountered during their review of the Financial Statements or other reviews they have been engaged to perform to the company’s senior executives and its Audit Committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses identified.

The Audit Committee shall meet at least twice a year with the external auditors to schedule the audit plan and to review its update.
In addition, meetings are held prior to the preparation of the Financial Statements and whenever the Company is to present the main quarterly, half-yearly or annual results, prior to their proposal for approval by the Board of Directors.
In financial year 2019, the statutory auditors presented a report on internal control weaknesses to the Audit Committee. Following analysis of the report, the management presented an action plan to address such weaknesses. The implementation of improvement measures and the resolution of weaknesses is reviewed by Internal Audit Department.

**F.6. Other relevant information.**

**F.7. External auditor's report.**

Indicate:

F.7.1. Whether the ICFRS information reported to the markets has been submitted for review by the external auditor. If so, the related report should be included in the corresponding report as an Appendix. If not, give reasons why.

The Company has reviewed, updated and documented the ICFRS throughout financial year 2019 and, therefore, it has not been submitted to a specific review by the external auditor, without prejudice to the fact that the auditor's procedures include the assessment of risks of material misstatement taking into account the relevant internal control for the preparation of the Company's Financial Statements.

## G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

State the company's degree of compliance with the recommendations of the Good Governance Code for Listed Companies.

If the company does not comply with any recommendation or follows it partially, there must be a detailed explanation of the reasons providing shareholders, investors, and the market in general with sufficient information to assess the company's course of action. Generalised explanations will not be acceptable.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Complies [ X ]    Explain [ ]

2. When a parent and a subsidiary are listed companies, both should provide detailed disclosure on:

a) The types of activity they engage in, and any business dealings between them, as well as between the listed subsidiary and other group companies.
b) The mechanisms in place to resolve possible conflicts of interest.

Complied [ ]    Complies in part [ ]    Explain [ ]    Not applicable [ X ]

3. During the annual general meeting, the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular regarding:

a) Changes taking place since the previous annual general meeting.

b) The specific reasons why the Company does not follow some of the recommendations of the Good Governance Code and, if any, the alternative rules that apply in this area.

Complies [ ]    Complies in part [ X ]    Explain [ ]

During the Ordinary General Shareholders' Meeting, the chairperson of the Board of Directors reports verbally on the most relevant aspects of corporate governance, referring in many respects to the existence and content of the Annual Corporate Governance Report. In particular, it refers to the content of the report with regard to the issues mentioned in sections (a) and (b) of the recommendation, mentioning that it has been made publicly available on the Company's website and on that of the CNMV.
Therefore, the general part of the requirement recommendation (reporting) is met, but not the specific part (the level of detail to be reported), as the issues mentioned in paragraphs (a) and (b) of the recommendation are not reported in detail (but by reference).

The explanation for the above is that this level of detail is not demanded by shareholders. Furthermore, in view of the size and capitalisation of the Company, the composition of its share capital and the normal course of general meetings, the Company considers that reporting in detail (rather than by reference) on the matters mentioned in sections (a) and (b) of the recommendation would not be a measure that, if implemented, would add value to the company's corporate governance.

4. The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Complies [ X ]   Complies in part [  ]   Explain [ ]

5. The Board of Directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When the Board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Complies [ X ]   Complies in part [  ]   Explain [ ]

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

a) Report on auditor independence.

b) Reports on the operation of the audit committee and the nomination and remuneration committee.

c) Audit Committee report on related-party transactions.

d) Report on the corporate social responsibility policy.

Complies [  ]   Complies in part [ X ]   Explain [ ]

The Company prepares the reports included in subsections 6.a. and 6.b., which are published on the website.

7. The company should broadcast its General Shareholders' Meetings live on the corporate website.

Complies [  ]   Explain [ X ]

The Company does not comply with this recommendation as it understands that the live broadcast is not a shareholder demand. Furthermore, in view of the size and capitalisation of the Company, the composition of its share capital and the normal course of general meetings, the Company considers that live broadcasts would not achieve extensive participation or a significant following and that the costs would outweigh the benefits and, therefore, it would not be a measure that, if implemented, would contribute to improving the effectiveness of the Company's corporate governance.

8. The Audit Committee should strive to ensure that the board of directors can present the company's accounts to the General Shareholders' Meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairperson of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

Complies [ X ] Complies in part [ ] Explain [ ]

9. The company should disclose on its website, on an ongoing basis, its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies [ X ] Complies in part [ ] Explain [ ]

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

a) Immediately circulate the supplementary items and new proposals.

b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the Board of Directors.

c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the Board of Directors, with particular regard to presumptions or deductions about the direction of votes.

d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complied [ ] Complies in part [ ] Explain [ ] Not applicable [ X ]

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complied [ ] Complies in part [ ] Explain [ ] Not applicable [ X ]

12. The Board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complies [ X ]  Complies in part [ ]  Explain [ ]

13. The Board of Directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Complies [ X ]  Explain [ ]

14. The Board of Directors should approve a director selection policy that:

a) Is specific and verifiable.
b) Ensures that appointment or re-election proposals are based on a prior analysis of the Board's needs.
c) Promotes diversity as to knowledge, experience and gender.

The results of the prior analysis of Board needs should be written up in the Appointments Committee's explanatory report, to be published when the general meeting is convened which will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total Board places occupied by women directors before the year 2020.

The Appointments Committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Complies [ X ]  Complies in part [ ]  Explain [ ]

The Board of Directors has approved a policy for the selection of directors that (a) is specific and verifiable; (b) ensures that proposals for appointment and re-election are based on a prior analysis of the needs of the Board of Directors; and (c) favours the diversity of knowledge, experience and gender.
At 31 December 2019, 3 of the 7 directors (42.86%) were women, meeting the target of women representing at least 30% of the total Board of Directors by 2020.

15. Proprietary and independent directors should constitute an ample majority on the Board of Directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Complies [ X ]  Complies in part [ ]  Explain [ ]

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.

b) In companies with a plurality of shareholders represented on the Board but not otherwise related.

Complies [ X ]  Explain [ ]

17. Independent directors should represent at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 % of capital, independent directors should occupy, at least, a third of board places.

Complies [ X ]  Explain [ ]

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

a) Professional and biographic profile.
b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.
d) Dates of their first appointment as a board director and subsequent re-elections.
e) Shares held in the company and any options thereon.

Complies [ X ]  Complies in part [ ]  Explain [ ]

19. Following verification by the Appointments Committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3% of capital; and explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complied [ ] Complies in part [ ] Explain [ ] Not applicable [ X ]

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the number of the latter should be reduced accordingly.

Complied [ ] Complies in part [ ] Explain [ ] Not applicable [ X ]

21. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where they find just cause, following a report by the Appointments Committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the position of board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies [ X ] Explain [ ]

22. Companies should establish rules obliging directors to inform the Board of Directors of any circumstance that might harm the company's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the offences stated in company legislation, the Board of Directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The Board should give a reasoned account of all such determinations in the annual corporate governance report.

Complies [ X ] Complies in part [ ] Explain [ ]

23. All directors should express their clear opposition when they feel a proposal submitted for the Board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking Board representation.

When the Board makes material or reiterated decisions about which a director has expressed serious reservations, then he/she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the Secretary of the Board, director or otherwise.

Complied [ ]  Complies in part [ ]  Explain [ ]  Not applicable [ X ]

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the Board. Irrespective of whether such resignation is filed as a significant event, the reason therefor must be explained in the annual corporate governance report.

Complies [ X ]  Complies in part [ ]  Explain [ ]  Not applicable [ ]

25. The Appointments Committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The Board of Directors regulations should lay down the maximum number of company boards on which directors can serve.

Complies [ ]  Complies in part [ X ]  Explain [ ]

The Company complies with the first paragraph of the recommendation. With regard to the second, since until now the directors who are part of other boards have been spending the time required to correctly undertake their duties as directors of the Company. As such, the Company does not deem it necessary to limit the number of other boards the directors can be a member of.

26. The Board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies [ X ]  Complies in part [ ]  Explain [ ]

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Complies [ ]  Complies in part [ X ]  Explain [ ]

The Company complies with the first part of the recommendation, but not with the second part. In the case of the director absences that have occurred, the absent directors did not grant representation with specific instructions, as they did not deem it necessary due to the corresponding agenda.

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the Company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

Complied [ ]     Complies in part [ ]     Explain [ ]     Not applicable [ X ]

29. The Company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending, if necessary, to external assistance at the company's expense.

Complies [ X ]   Complies in part [ ]     Explain [ ]

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies [ X ]   Explain [ ]     Not applicable [ ]

31. The agendas of Board meetings should clearly indicate on which points directors must arrive at a decision in order for them to study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairperson may wish to present decisions or resolutions for Board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly recorded in the minutes, of the majority of directors present.

Complies [ X ]   Complies in part [ ]     Explain [ ]

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Complies [ X ]   Complies in part [ ]     Explain [ ]

33. The chairman, as the individual responsible for the efficient functioning of the Board of Directors, in addition to exercising the duties legally and statutorily attributed to him, prepares and submits to the Board of Directors a programme of dates and matters to be dealt with; organises and coordinates the periodic evaluation of the Board, as well as, where appropriate, that of the chief executive of the Company; is responsible for the management of the
Board and the effectiveness of its operation; ensures that sufficient discussion time is spent on strategic issues; and agrees and reviews the refresher programmes for each director, when circumstances so warrant.

Complies [ X ]   Complies in part [ ]   Explain [ ]

34. When a coordinating independent director has been appointed, the bylaws or Board of Directors regulations should grant him or her the following powers over and above those conferred by law: chair the Board of Directors in the absence of the chairperson or vice-chairpersons, if they exist; give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairperson's succession plan.

Complied [ ]   Complies in part [ ]   Explain [ ]   Not applicable [ X ]

35. The Board secretary should strive to ensure that the Board's actions and decisions are informed by the good governance recommendations contained in this Good Governance Code that are of relevance to the company.

Complies [ X ]   Explain [ ]

36. The Board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct deficiencies detected in:

a) The quality and efficiency of the Board's operation.
b) The performance and membership of its committees.
c) The diversity of Board membership and competences.
d) The performance of the chairman of the Board of Directors and the Company's chief executive.
e) The performance and contribution of individual directors, with particular attention to the chairpersons of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report by the Appointments Committee.

Every three years, the Board of Directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the Appointments Committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Complies [ X ]  Complies in part [ ]  Explain [ ]

37. When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary of the Board should also act as secretary to the executive committee.

Complied [ ]  Complies in part [ ]  Explain [ ]  Not applicable [ X ]

38. The Board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the minutes of executive committee meetings.

Complied [ ]  Complies in part [ ]  Explain [ ]  Not applicable [ X ]

39. All members of the Audit Committee, particularly its chairperson, should be appointed in relation to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.

Complies [ X ]  Complies in part [ ]  Explain [ ]

40. There should be a unit in charge of the Internal Audit Department, under the supervision of the Audit Committee, to monitor the effectiveness of reporting and internal control systems. This unit should report functionally to the Board's non-executive chairperson or the chairperson of the Audit Committee.

Complies [ X ]   Complies in part [ ]   Explain [ ]

41. The head of the unit handling the Internal Audit Department should present an annual work programme to the Audit Committee, inform it directly of any incidents arising during its implementation and submit an activity report at the end of each year.

Complies [ X ]   Complies in part [ ]   Explain [ ]   Not applicable [ ]

42. The Audit Committee should have the following functions over and above those legally assigned:

1. In connection with information and internal control systems:

a) Supervise the preparation process and the completeness of the financial information concerning the Company and, where applicable, the Group, reviewing compliance with regulatory requirements, the appropriate delimitation of the consolidation scope and the correct application of accounting principles.
b) Ensure the independence of the unit handling the internal auditing; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. In connection with the external auditor:

a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
c) Ensure that the company notifies any change of external auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
d) Ensure that the external auditor has a yearly meeting with the Board in full to inform it of the work undertaken and developments in the Company's risk and accounting positions.
e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies [ X ]  Complies in part [ ]  Explain [ ]

43. The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies [ X ]  Complies in part [ ]  Explain [ ]

44. The Audit Committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the Board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complied [ ] Complies in part [ ] Explain [ ] Not applicable [ X ]

45. The risk control and management policy should identify at least:

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off- balance-sheet risks.
b) The determination of the risk level the company sees as acceptable.
c) The measures in place to mitigate the impact of identified risk events should they occur.
d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance- sheet risks.

Complies [ X ] Complies in part [ ] Explain [ ]

46. Companies should establish a risk control and management function in the charge of one of the company's internal departments or units and under the direct supervision of the Audit Committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.
b) Actively participate in the preparation of the risk strategy and in key decisions regarding their management.
c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the Board of Directors.

Complies [ X ] Complies in part [ ] Explain [ ]

47. Members of the Appointments and Remuneration committee—or of the appointments committee and remuneration committee, if separately constituted—should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies [ X ] Complies in part [ ] Explain [ ]

48. Large cap companies should operate separately constituted appointments and remuneration committees.

Complies [ ]   Explain [ ]   Not applicable [ X ]

49. The Appointments Committee should consult with the Company's chairperson and chief executive, especially on matters relating to executive directors.

When there are vacancies on the Board, any director may approach the Appointments Committee to propose candidates that it may consider suitable.

Complies [ X ]   Complies in part [ ]   Explain [ ]

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the board the standard conditions for senior officer contracts.
b) Monitor compliance with the remuneration policy set by the company.
c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.
d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
e) Verify the information on director and senior officers' pay contained in different corporate documents, including the annual directors' remuneration statement.

Complies [ X ]   Complies in part [ ]   Explain [ ]

51. The Remuneration Committee should consult with the company's chairperson and chief executive, especially on matters relating to executive directors and senior officers.

Complies [ X ]   Complies in part [ ]   Explain [ ]

52. The terms of reference of supervision and control committees should be set out in the regulations of the Board of Directors and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

a) Committees should be formed exclusively by non-executive directors, with a majority of independents.
b) They should be chaired by independent directors.
c) The Board should appoint the members of such committees in relation to the knowledge, skills and experience of its directors and each committee's tasks; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.
d) They may engage external advice, when they deem it necessary for the discharge of their functions.
e) Meeting proceedings should be minuted and a copy made available to all board members.

Complied [ ] Complies in part [ ] Explain [ ] Not applicable [ X ]

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the Appointments Committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the Board under its powers of self-organisation, with at the least the following functions:

a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.
b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.
c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.
d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
e) Monitor corporate social responsibility strategy and practices and assess their degree of compliance.
f) Monitor and evaluate the company's interaction with its stakeholder groups.
g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Complies [ X ]   Complies in part [  ]   Explain [ ]

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

a) The goals of its corporate social responsibility policy and the support instruments to be deployed.
b) The corporate strategy with regard to sustainability, the environment and social issues.
c) Specific practices in matters relating to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conduct.
d) The methods or systems for monitoring the results of the specific practices referred to above, and identifying and managing related risks.
e) The mechanisms for supervising non-financial risk, ethics and business conduct.
f) Channels for stakeholder communication, participation and dialogue.
g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies [ X ] Complies in part [ ] Explain [ ]

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Complies [ X ] Complies in part [ ] Explain [ ]

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Complies [ X ] Explain [ ]

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans, retirement schemes or other welfare schemes, should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. This condition, however, will not apply to shares that the director must dispose of to defray costs related to their acquisition.

Complies [ X ] Complies in part [ ] Explain [ ]

No shares have been delivered to directors (whether executive or otherwise) in 2019. However, in the case of the CEO (the only executive director and the only director to receive variable remuneration), his variable remuneration is linked to the performance of the Company as well as to his personal performance.

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies [ X ]   Complies in part [ ]   Explain [ ]   Not applicable [ ]

Executive directors are the only directors with a share of their annual variable remuneration and multi-year variable remuneration for the years 2018 to 2020 (inclusive).
In this regard, the annual variable remuneration includes measurable performance criteria related to business objectives (50% of the total variable) such as achieving a given EBITDA, the performance of the backlog and the generation of new backlog. Likewise, the annual variable remuneration includes, as objectives, the adoption of specific non-financial measures, such as the implementation of BRP management systems and the use by the organisation of different modules within them. Likewise, variable remuneration includes personal objectives (25% of the total variable) linked to leadership actions related to their position and management objectives (25% of the total variable) linked to managerial improvement actions related to their position.
The multi-year remuneration plan (2018-2020) includes objectives linked to the EBITDA generated by the development and construction department, the cash returns generated by the POWGEN division and the generation of new "backlog" projects on finalising the remuneration programme. In addition, the multi-year remuneration plan includes, as a corrective factor of the definitive amount, a coefficient equal to the ratio of the arithmetic mean of the Company's share price during the sessions from 1 October 2020 to 31 December 2020 (both inclusive) in terms of the Company's share price at the time of admission to trading.
In this way, variable remuneration, in addition to being linked to predetermined and measurable performance criteria, promotes the sustainability of the Company (including non-financial criteria that create value in the long term) and it is established based on a balance between the fulfilment of short, medium and long-term objectives, which allow performance to be rewarded for continued performance over a period of at least 3 years.

A major part of variable remuneration items should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Complies [ X ]   Complies in part [ ]   Explain [ ]   Not applicable [ ]

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

Complied [ ] Complies in part [ ] Explain [ ] Not applicable [ X ]

A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies [ ] Complies in part [ ] Explain [ X ] Not applicable [ ]

The Company's multi-year incentive plan -in which the executive directors participate- contemplates, as a corrective factor of the definitive amount, a coefficient equal to the ratio of the arithmetic mean of the Company's share price during the sessions from 1 October 2020 to 31 December 2020 (both inclusive) in terms of the Company's share price at the time of admission to trading.

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

This condition, however, will not apply to shares that the director must dispose of to defray costs related to their acquisition.

Complied [ ] Complies in part [ ] Explain [ ] Not applicable [ X ]

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director’s actual performance or based on data subsequently found to be misstated.

Complies [ X ] Complies in part [ ] Explain [ ] Not applicable [ ]

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

Complies [ X ] Complies in part [ ] Explain [ ] Not applicable [ ]

## H. OTHER IMPORTANT INFORMATION

1. If there are any significant aspects regarding corporate governance at the company or at entities of the group that are not included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the corporate governance structure and practices at the entity or its group, briefly describe them.

2. In this section, you may also include any other information, clarification, or comment relating to the prior sections of this report provided that they are relevant and not repetitive.

   Specifically, state whether the company is subject to laws other than Spanish laws regarding corporate governance and, where applicable, include any information that the company is required to provide which is different to the information required in this report.

3. The company may also state whether it has voluntarily adhered to other international, sectoral or any other codes of ethical principles or good practices. If so, state the code in question and the date of adherence thereto. In particular, mention whether there has been adherence to the Code of Good Tax Practices of 20 July 2010:

Not applicable

This annual corporate governance report was approved by the Company's Board of Directors at its meeting held on:

27/02/2020

State whether any directors voted against or abstained in relation to the approval of this Report.

[ ] Yes
[ √ ] No

## IDENTIFICATION DETAILS OF THE ISSUER

End of Reporting Period: 31/12/2019

Corporate Tax Number (CIF): A95363859

Registered Name:

**SOLARPACK CORPORACION TECNOLOGICA, S.A.**

Registered Address:

AVENIDA DE ALGORTA, 16-3º (GETXO) VIZCAYA

## A. THE COMPANY'S REMUNERATION POLICY FOR THE CURRENT YEAR

A.1. Explain the current directors' remuneration policy for the current year. Insofar as it is relevant, certain information may be included by reference to the remuneration policy approved by the General Shareholders' Meeting, provided that its inclusion is clear, specific and concrete.

A description must be given of the specific decisions for the current financial year, both regarding directors' remuneration for their status as such and for the performance of executive duties, which the Board has carried out in accordance with what is set out in the contracts signed with the executive directors and with the remuneration policy approved by the general meeting.

In any case, the following aspects should be reported as a minimum:

- Description of the company's procedures and bodies involved in determining and approving the remuneration policy and its conditions.
- State and, where appropriate, explain whether comparable companies have been taken into account in establishing the company's remuneration policy.
- Information on whether any external advisor has participated and, if so, the identity of the advisor.

In any organisation, the remuneration policy is considered a key element in value creation. This is also how the company understands the remuneration of the members of the Board of Directors and, therefore, the search for the creation of value is the principle behind Article 42 of the Articles of Association, which regulates the remuneration of said members: "ARTICLE 42. Remuneration of Directors. 1. Director remuneration, by reason of their position, shall be paid in one fixed annual instalment determined by the General Meeting, which shall be distributed by the Board of Directors in the manner in which it sees fit. Such distribution should take into account the position of each director, the duties and responsibilities assigned to them by the Board and their position on different Committees, which may give rise to different remuneration for each director. Likewise, the Board is also responsible for establishing the frequency and form of payment, which may include the insurance and pension systems in effect at any given time.
2. The amount of the annual instalment for the Board of Directors shall be that decided by the General Meeting, which shall remain in effect unless amended by the General Meeting, although the Board of Directors may reduce this amount in the financial periods in which such reduction is deemed convenient. 3. The remuneration referred to in this article shall be compatible and independent from the payment of any fees or wages that may be owned by the Company in return for the provision of services or due to an employment relationship, as the case may be, originating from a contractual relationship different from that arising from the position of Director. Any such payments shall be subject the applicable legal system. 4. In addition, and notwithstanding the foregoing, when a director is assigned executive duties a contract shall be required between this director and the Company, in accordance with the applicable legal provisions. This contact shall detail all areas for which remuneration may be obtained for performing executive duties, including, where appropriate, any compensation for early termination of said duties and the amounts payable by the Company for insurance premiums or contributions to savings systems. Contracts for executive directors must be pre-approved by the Board of Directors with a favourable vote from two thirds of the Board members. In addition, said contracts must comply with the remuneration policy approved by the General Shareholders' Meeting. The Director in question shall refrain from participating in such deliberations and from voting on the matter. The contract shall detail all areas for which remuneration may be obtained for performing executive duties. Directors shall receive no remuneration for performing executive duties if the amounts or areas of these duties are not provided for in the corresponding contract. 5. Director remuneration shall conform to the remuneration policy approved by the General Meeting and, when applicable, to the specific resolutions passed by the General Meeting outside of said policy with regard to director remuneration. 6. In addition, the Company shall take out civil liability insurance for its Directors under the usual terms and conditions and in proportion to the specific circumstances of the Company."
The current remuneration policy was approved in November 2018 by the General Shareholders' Meeting in the context of the IPO. This approval was given, unanimously, on the proposal of the Board of Directors at a Shareholders' Meeting with all shares in attendance. The foregoing is understood without prejudice to the procedures and bodies of the Company that must be involved and followed in the future, in accordance with the provisions of the Articles of Association, the Regulations of the Board of Directors and applicable corporate legislation. For the current fiscal year, the partial modification of the remuneration policy is expected to be submitted to the General Shareholders' Meeting for approval in order to modify the fixed remuneration of the executive directors, to increase the variable remuneration of the executive directors up to a maximum of 75% of the fixed remuneration and to remove the possibility that the executive directors receive other items of remuneration such as per diems for directors or remuneration for the position of chairman. Likewise, the remuneration policy will include the possibility of the Board of Directors establishing remuneration both in consideration of singular achievements that have contributed decisively to the Company's revenue and in consideration of the financial losses in their annual remuneration incurred by those persons who assume the position of executive director of the Company, abandoning the executive or managerial positions that they had previously been holding in other companies outside the Group and up to the time they assumed the position of executive director of the Company. Similarly, the contracts with the executive directors approved by the Board of Directors may contain indemnities, in normal market terms, for termination or periods of post-contractual non-competition.

When establishing the remuneration policy, they have been considered comparable in the market. In order to choose comparable companies to establish the remuneration policy, both companies from the same sector of activity and size as the Company and companies from the Company's environment have been compared.
No outsiders have been involved.

- The relative importance of variable remuneration items compared to the fixed remuneration items (remuneration mix) and what criteria and objectives have been taken into account in determining them and to guarantee an appropriate balance between the fixed and variable components of remuneration. In particular, state the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to adapt it to the company’s long-term goals, values and interests. This may include, where appropriate, a reference to measures established to ensure that the company’s long-term results are factored into the remuneration policy, measures taken in relation to categories of employees that perform professional activities with material repercussions on the entity's risk profile and measures aimed at preventing conflicts of interest, where applicable.

  Moreover, state whether the company has established any period of accrual or consolidation of certain variable remuneration items, in cash, shares or other financial instruments, a period of deferral in the payment of amounts or delivery of financial instruments already accrued and consolidated, or whether any clause has been agreed to reduce deferred remuneration or oblige the director to return remuneration received, when such remuneration has been based on data which has subsequently been clearly proven to be inaccurate.

The variable remuneration of the executive directors consists of an annual variable remuneration that can amount to up to 75% of the total fixed remuneration and a multiannual remuneration for the years 2018-2020. The variable annual remuneration includes measurable performance criteria relating to financial and business objectives (50% of the total) such as achieving a certain EBITDA, achieving a certain volume of revenue in the "DEVCON" segment, generating new "backlog" or generating free cash flow up to certain thresholds in the "POWGEN" area and non-financial objectives such as adapting compliance with the ICFRS or launching new business initiatives. Likewise, variable remuneration includes personal objectives (25% of the total variable) linked to leadership actions related to the position and management objectives (25% of the total variable) linked to management improvement actions related to the position, such as the adaptation of risk management models, drawing up a long-term business plan for the group, preparing a succession plan or proactively presenting inorganic growth opportunities.
In the case of financial and business objectives, they are calculated proportionally as long as the agreed minimum objectives have been achieved. In some cases where non-financial objectives (whether personal, management or linked to corporate objectives) are included, their achievement is evaluated in a binary manner.
The multi-year remuneration plan (2018-2020) includes objectives linked to the EBITDA generated by the development and construction department, the cash returns generated by the POWGEN division and the generation of new "backlog" projects on finalising the remuneration programme. Additionally, the Company's multi-year incentive plan -in which the executive directors, senior management and key personnel participate- contemplates, as a corrective factor of the definitive amount, a coefficient equal to the ratio of the arithmetic mean of the Company's share price during the sessions from 1 October 2020 to 31 December 2020 (both inclusive) in terms of the Company's share price at the time of admission to trading.
In this way, variable remuneration, in addition to being linked to predetermined and measurable performance criteria, promotes the sustainability of the Company (including non-financial criteria that create value in the long term) and it is established based on a balance between the fulfilment of short, medium and long-term objectives, which allow performance to be rewarded for continued performance over a period of at least 3 years.
Finally, the variable remuneration plan for executive directors includes a remuneration return clause in the sense set out in this section.

- Amount and nature of the fixed components that directors are expected to accrue during the year for their status as such.

In accordance with the Company's remuneration policy, each and every one of the directors (in their capacity as such) will receive a fixed annual allowance of a maximum of 30,000 euros. For the financial year 2020, the partial modification of the remuneration plan for the periods 2018-2020 will be proposed at the General Shareholders' Meeting, by virtue of which this allocation for attendance at the Boards will not apply to the executive directors. This fixed allocation may be reduced in proportion to the number of Board meetings not attended, taking into consideration the total number of meetings held during the year. In addition to the above, due to their special dedication, the following persons receive the following additional amounts: (i) the chairperson of the Board of Directors, 87,600 euros, except in the case of being an executive director; (ii) the chairpersons of the Audit Committee and of the Appointments and Remuneration Committee, 7,500 euros, each; and (iii) the other members of the Audit Committee and of the Appointments and Remuneration Committee, 2,500 euros, each.

- Amount and nature of the fixed components that will be accrued in the year for executive directors' performance of senior management duties.

With effect from 15 February 2020, the total fixed annual remuneration for executive directors will be 270,000 euros. Until 15 February 2020, the fixed remuneration amount for financial year 2019 is maintained. This change is included in the partial amendment of the annual remuneration plan that will be submitted for approval at the next General Shareholders' Meeting of the Company.

- The amount and nature of any component of remuneration in kind that will be accrued in the financial year including, but not limited to, the insurance premiums paid for the director.

Not applicable

- Amount and nature of the variable components, differentiating between those established in the short and long term. Financial and non-financial parameters, the latter including social, environmental and climate change parameters, selected to determine the variable remuneration in the current year, an explanation of the extent to which these parameters relate to the performance of both the director and the entity and to its risk profile, and the methodology, period required and techniques envisaged to determine, at the end of the year, the degree of compliance with the parameters used to design the variable remuneration.

  State the range, in monetary terms, of the different variable components according to the degree of compliance with the objectives and parameters set, and whether there is any maximum monetary amount in absolute terms.

The variable remuneration of the executive directors, during the current financial year, after approval by the General Shareholders' Meeting of the partial modification of the current remuneration policy, consists of an annual variable remuneration that can amount to up to 75% of the total fixed remuneration and a multiannual remuneration for the years 2018-2020. The variable annual remuneration includes measurable performance criteria relating to financial and business objectives (50% of the total) such as achieving a certain EBITDA in the "POWGEN" and "Services" areas (accounting to 20% of this section), achieving a certain volume of income in the "DEVCON" segment (accounting to 20% of the total of this section), the generation of new "backlog" (accounting to 20%), the generation of free cash flow up to certain thresholds in the "POWGEN" area (accounting to 15%), ensuring an adequate degree of compliance with the ICFRS (accounting to 12.5%) and the launch of new electricity marketing products (accounting to 12.5% of the total of this section). Likewise, variable remuneration includes personal objectives (25% of the total variable) linked to leadership actions related to the position and management objectives (25% of the total variable) linked to management improvement actions related to the position, such as the adaptation of risk management models, drawing up a long-term business plan for the group, preparing a succession plan or proactively presenting inorganic growth opportunities.
In the case of financial and business objectives, they are calculated proportionally as long as the agreed minimum objectives have been achieved. Where non-financial objectives (whether personal, management or linked to corporate objectives) are included, their achievement is evaluated in a binary manner.
The multi-year remuneration plan (2018-2020) includes objectives linked to the EBITDA generated by the development and construction department, the cash returns generated by the POWGEN division and the generation of new "backlog" projects on finalising the remuneration programme. Additionally, the Company's multi-year incentive plan -in which the executive directors, senior management and key personnel participate- contemplates, as a corrective factor of the definitive amount, a coefficient equal to the ratio of the arithmetic mean of the Company's share price during the sessions from 1 October 2020 to 31 December 2020 (both inclusive) in terms of the Company's share price at the time of admission to trading.
In the event that the level of compliance was 100%, the CEO would receive, as remuneration for the multi-year variable, 350% of the average annual fixed remuneration during the financial years 2018 to 2020. In the case of the current vice-chairman, with executive functions since 15 February 2020, the same multi-year remuneration plan will be applied to him, albeit pro rata to the period in which he has carried out executive functions during the validity of said plan.
In light of the foregoing, variable remuneration, in addition to being linked to predetermined and measurable performance criteria, promotes the sustainability of the Company (including non-financial criteria that create value in the long term) and it is established based on a balance between the fulfilment of short, medium and long-term objectives, which allow performance to be rewarded for continued performance over a period of at least 3 years.

- Main features of the long-term savings systems. Among other information, the following must be stated: any contingencies covered by the system, if it is a defined contribution or benefit system, the annual contribution to be made to defined contribution systems, the benefit to which the beneficiaries are entitled regarding defined benefit systems, the conditions of consolidation of the economic rights of the directors and their compatibility with any type of payment or compensation for dissolution or early termination, or deriving from the termination of the contractual relationship, under the terms envisaged, between the company and the director.

  State whether the accrual or consolidation of any of the long-term savings schemes is linked to the achievement of certain targets or parameters related to the short and long-term performance of the director.

Not applicable

- Any type of payment or compensation for dissolution or early termination or that deriving from the termination of the contractual relationship under the terms established between the company and the director, whether the termination is at the will of the company or of the director, as well as any type of agreed pacts, such as exclusivity, post-contractual non-compete and long-service or loyalty clauses, which give the director the right to any type of payment.

Not applicable

- State the conditions that must be met in the contracts of those performing senior management duties as executive directors. Among other information, indicate the term, limits on the sum of severance payments, long-service clauses, advance notice deadlines and payment in substitution of the advance notice, as well as any other clauses relating to contract premiums, compensation or redundancy payments for early termination or termination of the contractual relationship between the company and the executive director. Include the non-compete, exclusivity, long-service or loyalty agreements and post-contractual non-compete clauses, among other items, unless they have been explained in the previous section.

The contracts of the executive directors do not provide for a fixed term or a period of notice regarding their termination, and the executive directors may be dismissed in accordance with the provisions of the Company's Articles of Association, the Board Regulations and applicable corporate legislation.

In the event of contract termination due to withdrawal from executive duties or their dismissal or separation, executive directors shall be entitled to compensation equal to the sum of the annual fixed remuneration, plus the annual on-target variable remuneration for one year, corresponding to the calendar year prior to that in which the separation or dismissal took place. Similarly, executive directors shall receive compensation equal to the annual fixed remuneration for the calendar year prior to that in which the separation or termination took place by way of compensation for the one-year non-competition obligation.
Furthermore, the remuneration policy will include the possibility of the Board of Directors establishing remuneration both in consideration of singular achievements that have contributed decisively to the Company's revenue and in consideration of the financial losses in their annual remuneration incurred by those persons who assume the position of executive director of the Company, abandoning the executive or managerial positions that they had previously been holding in other companies outside the Group and up to the time they assumed the position of executive director of the Company. Similarly, the contracts with the executive directors approved by the Board of Directors may contain indemnities, in normal market terms, for termination or periods of post-contractual non-competition.

- The nature and estimated amount of any other supplementary remuneration that will be accrued by the directors in the current financial year in consideration for services rendered other than those inherent to their position.

Not applicable

- Other remuneration items such as those deriving, where applicable, from the company granting the director advances, loans and guarantees and other remuneration.

Not applicable

- The nature and estimated amount of any supplementary remuneration envisaged and not included in the previous sections, whether paid by the entity or another group entity, which will be accrued by directors in the current financial year.

Not applicable

A.2. Explain any significant change in the remuneration policy applicable to the current year arising from:

- A new policy or a modification of the policy already approved by the Board.
- Significant changes in the specific decisions established by the Board for the current financial year of the remuneration policy in force with respect to those applied the previous year.
- Any proposals that the Board of Directors has agreed to submit to the General Shareholders' Meeting to which this annual report will be submitted and which are proposed for applicability in the current financial year.

The remuneration policy agreed by the General Shareholders' Meeting on 9 November 2018 for the financial years 2018 to 2020 is applicable. It will be proposed to the Ordinary General Shareholders' Meeting to be held in the current financial year that the aforementioned policy be partially amended for the purposes of modifying the fixed remuneration of the executive directors up to the amount of 270,000 euros, increasing the amount of the variable remuneration up to a maximum of 75% of the fixed remuneration and excluding, with regard to the executive directors, the receipt of any other type of allowance for attendance at meetings or for the exercising of the position of chairperson of the Board.
Furthermore, the remuneration policy will include the possibility of the Board of Directors establishing remuneration both in consideration of singular achievements that have contributed decisively to the Company's revenue and in consideration of the financial losses in their annual remuneration incurred by those persons who assume the position of executive director of the Company, abandoning the executive or managerial positions that they had previously been holding in other companies outside the Group and up to the time they assumed the position of executive director of the Company. Similarly, the contracts with the executive directors approved by the Board of Directors may contain indemnities, in normal market terms, for termination or periods of post-contractual non-competition.

A.3. Identify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

https://www.solarpack.es/accionistas-e-inversores/gobierno-corporativo/reglamentos/

A.4. Considering the data provided in section B.4, explain how the vote of the shareholders was taken into account at the general meeting at which the annual remuneration report for the previous year was put to a vote on an advisory basis.

Insofar as the 2018 annual remuneration report has been approved, in an advisory capacity, with 98.94% of the votes in favour, 0.96% against and 0.1% abstentions, no circumstances have been considered in relation to this.

## B. OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE PAST YEAR

**B.1.** Explain the process followed to apply the remuneration policy and determine the individual remuneration set out in section C of this report. This information shall include the role played by the Remuneration Committee, the decisions taken by the board of directors and, where applicable, the identity and role of the external advisors whose services have been used in the process of applying the remuneration policy during the previous financial year.

The Appointments and Remuneration Committee proposes the individual remuneration of the executive directors and the other basic conditions of their contracts as well as the amount of the annual remuneration of the other directors for approval by the Board of Directors. The remuneration proposal is made in accordance with the remuneration policy approved by the General Meeting for the period 2018-2020.
For the purposes of proposing the fixed allocation of directors, their attendance at the various board meetings held during the year is taken into account.
The variable remuneration of the CEO is determined in accordance with the indicators and weightings set by the Board of Directors, following a report from the Appointments and Remuneration Committee.
No external advisors have been used for the application of the remuneration policy in the closed financial year.

**B.2.** Explain the different actions taken by the company in relation to the remuneration system and how they have helped to reduce exposure to excessive risks and to adapt it to the company's long-term goals, values and interests, including a reference to measures established to ensure that the company's long-term results are factored into the remuneration accrued and a balance is achieved between the fixed and variable remuneration components, what measures have been taken in relation to categories of employees that perform professional activities with material repercussions on the entity's risk profile and what measures have been taken aimed at preventing conflicts of interest, where applicable.

The CEO and senior management of the Company are participating in a multi-year remuneration programme for the years 2018 to 2020, which has been described in section A. Through the implementation of this plan, the variable remuneration of the executive director and of the Company's key professionals is linked to the achievement of the objectives of the Company's long-term business plan. It is also a tool for retaining talent, since the perception of this variable, as long as the objectives set are met, is conditioned by the fact that the manager continues to maintain his/her position in the Company or has assumed greater responsibilities during the period in question. In order to avoid potential conflicts, the Appointments and Remuneration Committee will annually review the performance evaluations of the executive directors as well as the evaluations of the senior managers carried out periodically by the CEO, informing the Board of Directors about the evaluations and the suitability of the senior managers for their positions. The Appointments and Remuneration Committee is also responsible for ensuring compliance with the remuneration policy, periodically reviewing the remuneration policy for senior executives and proposing its amendment and updating to the Board of Directors, proposing the individual remuneration of executive directors and the other basic conditions of their contracts for approval by the Board of Directors, and reporting and submitting to the Board of Directors the proposals of the Chairperson of the Board or the CEO relating
to the remuneration structure of senior executives and the basic conditions of their contracts, following a report from the Committee, including any compensation or indemnity that may be established in the event of separation.
Finally, the variable remuneration plan for the CEO includes a remuneration return clause in the event that it has been paid based on inaccurate or erroneous data.

**B.3.** Explain how the remuneration accrued during the year complies with what is set out in the remuneration policy in force.

Also report on the relationship between the remuneration received by directors and the entity's profits or other short- and long-term means of gauging performance, by explaining, where appropriate, how changes in the company's performance may have affected variations in director remuneration, including that accrued but where payment has been deferred, and how they contribute to the short- and long-term profit and loss of the company.

The CEO was the only director with a variable remuneration component during the last financial year. In this sense, their variable remuneration consists of an annual variable remuneration and a multi-year variable remuneration for the years 2018 to 2020. Both variable remuneration schemes are largely linked to the achievement of a series of measurable objectives that have a direct impact on the Company's short- and long-term results.
Specifically, the variable remuneration of the CEO, sole executive director at 31 December 2019, consists of an annual variable remuneration that can amount to up to 40% of the total fixed remuneration and a multiannual remuneration for the years 2018-2020. The variable annual remuneration includes measurable performance criteria relating to financial and business objectives such as achieving a given EBITDA, the construction of the existing backlog or the generation of a new backlog, as well as other non-financial objectives linked to personal or management objectives corresponding to the executive activity.

The multi-year remuneration plan (2018-2020) includes objectives linked to the EBITDA generated by the development and construction department, the cash returns generated by the POWGEN division and the generation of new "backlog" projects on finalising the remuneration programme.
Additionally, the Company's multi-year incentive plan -in which the executive directors, senior management and key personnel participate- contemplates, as a corrective factor of the definitive amount, a coefficient equal to the ratio of the arithmetic mean of the Company's share price during the sessions from 1 October 2020 to 31 December 2020 (both inclusive) in terms of the Company's share price at the time of admission to trading.
In this way, variable remuneration, in addition to being linked to predetermined and measurable performance criteria, is established based on a balance between the fulfilment of short, medium and long-term objectives, which allow performance to be rewarded for continued performance over a period of at least 3 years.

## B.4. Report on the outcome of the advisory vote by the general meeting regarding the annual report on remuneration from the previous year, indicating the number of votes against that were cast, if any

| | Number | % of the total |
|---|---|---|
| Votes cast | 28,711,030 | 86.34 |

| | Number | % of votes cast |
|---|---|---|
| Votes against | 274,956 | 0.96 |
| Votes in favour | 28,406,429 | 98.94 |
| Abstentions | 29,645 | 0.10 |

## B.5. Explain how the fixed components accrued during the year by directors for their status as such were determined and how they varied with regard to the previous year.

During the 2019 financial year, the fixed components in favour of all directors for their attendance at board meetings amounted to a maximum of 30,000 euros per director. This amount may be reduced in proportion to the number of meetings that a director did not attend out of the total number of meetings held during the year. In accordance with the remuneration policy, this concept amounted to 22,000 euros during the 2018 financial year. The remuneration of the chairperson of the Board of Directors amounted to 87,600 euros, the same as in 2018. The CEO received 188,900 euros as fixed remuneration in his capacity as such, which entails an increase of 1.2% on 2018.

## B.6. Explain how the salaries accrued during the previous year by each of the executive directors for the performance of their managerial roles were determined and how they varied with regard to the previous year.

The CEO received 30,000 euros for his attendance at the meetings. This concept, which is the same for all the directors, amounted to 22,000 euros in 2018 (until November 2018, being, proportionally, 30,000 euros a year from that date onwards).
Furthermore, 188,900 euros were accrued under the concept of fixed remuneration for holding the position of director, up 1.2% on the previous year.
Finally, the variable annual remuneration amounts to up to 40% of the fixed remuneration. During the financial year 2019, 81.96% of the total objectives set for the accrual of this remuneration were reached, resulting in a total of 61,929 euros (compared to 60,677.5 euros accrued for the same concept in 2018).

## B.7. Explain the nature and main features of the variable components of the remuneration systems accrued in the previous financial year.

In particular:

- Identify each of the remuneration schemes that determined the different variable remunerations accrued by each of the directors during the previous year, including information on their scope, date of approval, date of implementation, accrual periods and validity, criteria used to assess performance and how this has impacted on the determining the variable amount accrued, as well as the measurement criteria used and the period required to be able to adequately measure all of the conditions and criteria stipulated.

  In the case of schemes involving share options or other financial instruments, the scheme's general features shall include information on the conditions for both acquiring unconditional ownership (consolidation) and for exercising these options or financial instruments, including the price and term for exercising them.

- All directors, and their status (Executive Directors, External Proprietary Directors, Independent External Directors or other External Directors), who are beneficiaries of remuneration systems or schemes involving variable remuneration.

- Where applicable, report on the established accrual periods or payment deferment periods that have been applied and/or the withholding/non-disposal periods of shares or other financial instruments, should these exist.

  Explain the short-term variable components of the remuneration systems:

During the financial year 2019, the CEO's variable annual compensation (the only director with variable compensation during said year) amounted to a maximum percentage of 40% of his total fixed remuneration.
The calculation of variable remuneration during the 2019 financial year is based on the following predetermined criteria (some of which are of a non-financial nature):
A- 25% of the total, accruable depending on the achievement of personal objectives, linked to aptitudes and attitudes related to position such as showing leadership, promoting teamwork or refocusing delegation in the team.
B- 25% of the total, accruable in accordance with management objectives linked to the relationship with investors and to certain significant projects of the Company.
C- 50% of the total, refundable depending on the fulfilment of the following corporate business objectives:
(i) Objective 1: Reaching a certain level of EBITDA in the POWGEN and Services divisions. In this case, based on an objective EBITDA, the achievement of the target is calculated proportionally.
(ii) Objective 2: Achieving the completion of a certain number of projects to be built in 2019. In this case, based on an objective MWdc, the achievement of the target is calculated proportionally.
(iii) Objective 3: Generating new backlog measured in MWdc. In this case, based on an objective MWdc and new backlog, the achievement of the target is calculated proportionally.
(iv) Objective 4: Consolidating the implementation and use of various modules of the corporate BRP. It's achievement is determined in a binary manner.

Considering the foregoing, the achievement of section A would have been 88%, the achievement of section B would have been 67% and the achievement of section C would have been 86.24%, which means that 81.96% of the objectives set for the annual variable have been achieved.

Explain the long-term variable components of the remuneration systems:

As described above, the CEO is participating in a multi-year incentive plan, the main conditions of which for the accrual of this variable remuneration, depending on the Group's various business units, are the EBITDA obtained during the 2018-2020 financial year, the generation of cash and the increase in the Company's project portfolio, either in the form of backlogs or projects under construction. In this regard, the variable remuneration linked to the year-on-year plan is accrued over a three-year period, thus avoiding any possible negative effects that could be generated in the short term. The calculation of this remuneration will take place during the first quarter of 2021, once the final financial year included in the multi-year plan has ended.

Additionally, the Company's multi-year incentive plan -in which the executive directors, senior management and key personnel participate- contemplates, as a corrective factor of the definitive amount, a coefficient equal to the ratio of the arithmetic mean of the Company's share price during the sessions from 1 October 2020 to 31 December 2020 (both inclusive) in terms of the Company's share price at the time of admission to trading.

At 31 December 2019, there was no long-term variable remuneration plan for the remaining directors.

B.8. State whether certain variable components have been reduced or claimed back when, in the first case, payment has been consolidated and deferred or, in the second case, consolidated and paid, on the basis of data which has subsequently been proven to be manifestly inaccurate. Describe the amounts reduced or refunded by applying the clawback clauses, why they were executed, and the years to which they relate.

Not applicable

B.9. Explain the main features of the long-term savings systems whose sum or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefits, partially or wholly funded by the company, whether provided internally or externally, indicating the type of scheme, whether it is a defined contribution or defined benefit scheme, the contingencies it covers, the consolidation conditions of the financial rights to which Directors are entitled and their compatibility with any type of compensation for early dissolution or termination of the contractual relationship between the company and the Director.

Not applicable

B.10. Explain, where applicable, the compensation or any other type of payment arising from early termination, whether at the will of the company or of the director, or from the termination of the contract, under the terms provided therein, accrued and/or received by the directors in the previous financial year.

Not applicable

B.11. State whether there have been any significant changes in the contracts of those performing senior management duties as executive directors and, where applicable, explain them. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless they have already been explained in section A.1.

In 2019, there were no significant changes.

B.12. Explain any supplementary remuneration accrued by the directors in compensation for services rendered other than those inherent to their position.

Not applicable

B.13. State any remuneration arising from advances, loans and guarantees granted, indicating the interest rate, essential features and amounts potentially repaid, as well as the obligations undertaken on account thereof in relation to guarantees.

Not applicable

B.14. Set out the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the different salary components.

Not applicable

B.15. State the remuneration accrued by the director pursuant to payments made by the listed company to a third-party entity in which the director provides services, when said payments are intended to compensate such party's services at the company.

Not applicable

B.16. Explain any other remuneration items other than the ones above, regardless of their nature or the group entity that pays them, especially those classified as related-party transactions or if issuance distorts the true and fair view of the total remuneration accrued by the director.

Not applicable

## C. DETAILED INFORMATION ON THE INDIVIDUAL REMUNERATION RELATING TO EACH OF THE DIRECTORS

| Name | Type | Accrual period: 2019 financial year |
|---|---|---|
| MR JOSE GALÍNDEZ ZUBIRIA | Proprietary chairman | From 01/01/2019 to 31/12/2019 |
| MR PABLO BURGOS GALINDEZ | CEO | From 01/01/2019 to 31/12/2019 |
| MR IGNACIO ARTAZCOZ BARRENA | Independent vice-chairman | From 01/01/2019 to 31/12/2019 |
| MS INÉS ARELLANO GALÍNDEZ | Proprietary Director | From 01/01/2019 to 31/12/2019 |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | Independent Director | From 01/01/2019 to 31/12/2019 |
| MS GINA DOMANIG | Independent Director | From 01/01/2019 to 31/12/2019 |
| MR RAFAEL CANALES ABAITUA | Proprietary Director | From 25/01/2019 to 31/12/2019 |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | Proprietary Director | From 01/01/2019 to 25/01/2019 |

C.1. Complete the following tables on the individual remuneration for each of the directors (including remuneration for performing executive duties) accrued during the year.

a) Remuneration from the company issuing this report:

i) Remuneration accrued in cash (in thousands of €)

| Name | Fixed remuneration | Attendance fees | Remuneration for membership on board committees | Salary | Short-term variable remuneration | Long-term variable remuneration | Severance payments | Other items | Total 2019 t | Total 2018 t |
|---|---|---|---|---|---|---|---|---|---|---|
| MR JOSE GALÍNDEZ ZUBIRIA | 88 | 30 | | | | | | | 118 | 112 |
| MR PABLO BURGOS GALINDEZ | 189 | 30 | | | 62 | | | | 281 | 273 |
| MR IGNACIO ARTAZCOZ BARRENA | | 30 | 10 | | | | | | 40 | 10 |
| MS INÉS ARELLANO GALÍNDEZ | | 30 | 2 | | | | | | 32 | 10 |

| Name | Fixed remuneration | Attendance fees | Remuneration for membership on board committees | Salary | Short-term variable remuneration | Long-term variable remuneration | Severance payments | Other items | Total 2019 t | Total 2018 t |
|---|---|---|---|---|---|---|---|---|---|---|
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | | 30 | 10 | | | | | | 40 | 10 |
| MS GINA DOMANIG | | 27 | | | | | | | 27 | 4 |
| MR RAFAEL CANALES ABAITUA | | 27 | 2 | | | | | | 29 | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | | 3 | 1 | | | | | | 4 | 24 |

| Remarks |
|---|
| On 25 January 2019, Mr Antonio Galíndez stepped down as a proprietary director and on the same date, Mr Rafael Canales was appointed, through co-option, as the new proprietary director.<br>In the case of the CEO, it is noted that for accounting purposes an accounting provision of 943 thousand has been included in the Financial Statements in relation to the long-term multi-year plan. However, it should be noted that the accrual for this multi-year plan, with the final sum set, will occur on 31 December 2020, with the collection of the corresponding sum being enforceable on 31 March 2021. |

ii) Table showing activity in share-based remuneration systems and gross profit from consolidated shares or financial instruments.

| Name | Scheme name | Financial instruments at beginning of 2019 t | | Financial Instruments granted during 2019 t | | Financial instruments consolidated during the year | | | | Mature instruments not exercised | Financial instruments at the end of 2019 t | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares / consolidated | Consolidated share price | Gross profit from consolidated shares or financial instruments (thousand €) | No. of instruments | No. of instruments | No. of equivalent shares |
| MR JOSE GALÍNDEZ ZUBIRIA | Scheme | | | | | | | 0.00 | | | | |
| MR PABLO BURGOS GALINDEZ | Scheme | | | | | | | 0.00 | | | | |
| MR IGNACIO ARTAZCOZ BARRENA | Scheme | | | | | | | 0.00 | | | | |

| Name | Scheme name | Financial instruments at beginning of 2019 t | | Financial Instruments granted during 2019 t | | Financial instruments consolidated during the year | | | | Mature instruments not exercised | Financial instruments at the end of 2019 t | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares / consolidated | Consolidated share price | Gross profit from consolidated shares or financial instruments (thousand €) | No. of instruments | No. of instruments | No. of equivalent shares |
| MS INÉS ARELLANO GALÍNDEZ | Scheme | | | | | | | 0.00 | | | | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | Scheme | | | | | | | 0.00 | | | | |
| MS GINA DOMANIG | Scheme | | | | | | | 0.00 | | | | |
| MR RAFAEL CANALES ABAITUA | Scheme | | | | | | | 0.00 | | | | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | Scheme | | | | | | | 0.00 | | | | |

| Remarks |
|---|
| |

iii) Long-term savings systems.

| Name | Remuneration for consolidation of rights in savings systems |
|---|---|
| MR JOSE GALÍNDEZ ZUBIRIA | |
| MR PABLO BURGOS GALINDEZ | |
| MR IGNACIO ARTAZCOZ BARRENA | |

| Name | Remuneration for consolidation of rights in savings systems |
|---|---|
| MS INÉS ARELLANO GALÍNDEZ | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | |
| MS GINA DOMANIG | |
| MR RAFAEL CANALES ABAITUA | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | |

| Name | Company's contribution for the year (thousand €) | | | | Amount of accumulated funds (thousands of €) | | | |
|---|---|---|---|---|---|---|---|---|
| | Savings systems with consolidated economic rights | | Savings systems with unconsolidated economic rights | | Savings systems with consolidated economic rights | | Savings systems with unconsolidated economic rights | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| MR JOSE GALÍNDEZ ZUBIRIA | | | | | | | | |
| MR PABLO BURGOS GALINDEZ | | | | | | | | |
| MR IGNACIO ARTAZCOZ BARRENA | | | | | | | | |
| MS INÉS ARELLANO GALÍNDEZ | | | | | | | | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | | | | | | | | |
| MS GINA DOMANIG | | | | | | | | |
| MR RAFAEL CANALES ABAITUA | | | | | | | | |

| Name | Company's contribution for the year (thousand €) | | | | Amount of accumulated funds (thousands of €) | | | |
|---|---|---|---|---|---|---|---|---|
| | Savings systems with consolidated economic rights | | Savings systems with unconsolidated economic rights | | Savings systems with consolidated economic rights | | Savings systems with unconsolidated economic rights | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | | | | | | | | |

| Remarks |
|---|
| |

iv) Details of other items

| Name | Item | Remuneration Amount |
|---|---|---|
| MR JOSE GALÍNDEZ ZUBIRIA | Item | |
| MR PABLO BURGOS GALINDEZ | Item | |
| MR IGNACIO ARTAZCOZ BARRENA | Item | |
| MS INÉS ARELLANO GALÍNDEZ | Item | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | Item | |
| MS GINA DOMANIG | Item | |
| MR RAFAEL CANALES ABAITUA | Item | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | Item | |

| Remarks |
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| |

b) Remuneration for the Company Directors for membership on the boards of other Group companies:

i) Remuneration accrued in cash (in thousands of €)

| Name | Fixed remuneration | Attendance fees | Remuneration for membership on board committees | Salary | Short-term variable remuneration | Long-term variable remuneration | Severance payments | Other items | Total 2019 t | Total 2018 t |
|---|---|---|---|---|---|---|---|---|---|---|
| MR JOSE GALÍNDEZ ZUBIRIA | | | | | | | | | | |
| MR PABLO BURGOS GALINDEZ | | | | | | | | | | |
| MR IGNACIO ARTAZCOZ BARRENA | | | | | | | | | | |
| MS INÉS ARELLANO GALÍNDEZ | | | | | | | | | | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | | | | | | | | | | |
| MS GINA DOMANIG | | | | | | | | | | |
| MR RAFAEL CANALES ABAITUA | | | | | | | | | | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | | | | | | | | | | |

| Remarks |
|---|
| |

ii) Table showing activity in share-based remuneration systems and gross profit from consolidated shares or financial instruments.

| Name | Scheme name | Financial instruments at beginning of 2019 t | | Financial Instruments granted during 2019 t | | Financial instruments consolidated during the year | | | | Mature instruments not exercised | Financial instruments at the end of 2019 t | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares / consolidated | Consolidated share price | Gross profit from consolidated shares or financial instruments (thousand €) | No. of instruments | No. of instruments | No. of equivalent shares |
| MR JOSE GALÍNDEZ ZUBIRIA | Scheme | | | | | | | 0.00 | | | | |
| MR PABLO BURGOS GALINDEZ | Scheme | | | | | | | 0.00 | | | | |
| MR IGNACIO ARTAZCOZ BARRENA | Scheme | | | | | | | 0.00 | | | | |
| MS INÉS ARELLANO GALÍNDEZ | Scheme | | | | | | | 0.00 | | | | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | Scheme | | | | | | | 0.00 | | | | |
| MS GINA DOMANIG | Scheme | | | | | | | 0.00 | | | | |
| MR RAFAEL CANALES ABAITUA | Scheme | | | | | | | 0.00 | | | | |

| Name | Scheme name | Financial instruments at beginning of 2019 t | | Financial Instruments granted during 2019 t | | Financial instruments consolidated during the year | | | | Mature instruments not exercised | Financial instruments at the end of 2019 t | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares / consolidated | Consolidated share price | Gross profit from consolidated shares or financial instruments (thousand €) | No. of instruments | No. of instruments | No. of equivalent shares |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | Scheme | | | | | | | 0.00 | | | | |

| Remarks |
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| |

iii) Long-term savings systems.

| Name | Remuneration for consolidation of rights in savings systems |
|---|---|
| MR JOSE GALÍNDEZ ZUBIRIA | |
| MR PABLO BURGOS GALINDEZ | |
| MR IGNACIO ARTAZCOZ BARRENA | |
| MS INÉS ARELLANO GALÍNDEZ | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | |
| MS GINA DOMANIG | |

| Name | Remuneration for consolidation of rights in savings systems |
|---|---|
| MR RAFAEL CANALES ABAITUA | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | |

| Name | Company's contribution for the year (thousand €) | | | | Amount of accumulated funds (thousands of €) | | | |
|---|---|---|---|---|---|---|---|---|
| | Savings systems with consolidated economic rights | | Savings systems with unconsolidated economic rights | | Savings systems with consolidated economic rights | | Savings systems with unconsolidated economic rights | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| MR JOSE GALÍNDEZ ZUBIRIA | | | | | | | | |
| MR PABLO BURGOS GALINDEZ | | | | | | | | |
| MR IGNACIO ARTAZCOZ BARRENA | | | | | | | | |
| MS INÉS ARELLANO GALÍNDEZ | | | | | | | | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | | | | | | | | |
| MS GINA DOMANIG | | | | | | | | |
| MR RAFAEL CANALES ABAITUA | | | | | | | | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | | | | | | | | |

| Remarks |
|---|
| |

iv) Details of other items

| Name | Item | Remuneration Amount |
|---|---|---|
| MR JOSE GALÍNDEZ ZUBIRIA | Item | |
| MR PABLO BURGOS GALINDEZ | Item | |
| MR IGNACIO ARTAZCOZ BARRENA | Item | |
| MS INÉS ARELLANO GALÍNDEZ | Item | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | Item | |
| MS GINA DOMANIG | Item | |
| MR RAFAEL CANALES ABAITUA | Item | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | Item | |

| Remarks |
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| |

c) Summary of remuneration (in thousands of €):
The summary shall include the relevant amounts for all the remuneration items included herein that the director has accrued, in thousands of euros.

| | Remuneration accrued at the Company | | | | | Remuneration accrued at Group companies | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Name | Total cash remuneration | Gross profit from consolidated shares or financial instruments | Remuneration for savings systems | Remuneration for other items | Total 2019 t company | Total cash remuneration | Gross profit from consolidated shares or financial instruments | Remuneration for savings systems | Remuneration for other items | Total 2019 t group |
| MR JOSE GALÍNDEZ ZUBIRIA | 118 | | | | 118 | | | | | |
| MR PABLO BURGOS GALINDEZ | 281 | | | | 281 | | | | | |
| MR IGNACIO ARTAZCOZ BARRENA | 40 | | | | 40 | | | | | |
| MS INÉS ARELLANO GALÍNDEZ | 32 | | | | 32 | | | | | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | 40 | | | | 40 | | | | | |
| MS GINA DOMANIG | 27 | | | | 27 | | | | | |
| MR RAFAEL CANALES ABAITUA | 29 | | | | 29 | | | | | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | 4 | | | | 4 | | | | | |
| TOTAL | 571 | | | | 571 | | | | | |

| Remarks |
|---|

D. Antonio Galíndez stepped down as a proprietary director on 25 January 2019, and on the same date Mr Rafael Canales was appointed, though co-option, as the new proprietary director. In the case of the CEO, it is noted that for accounting purposes an accounting provision of 943 thousand has been included in the Financial Statements in relation to the long-term multi-year plan. However, it should be noted that the accrual for this multi-year plan, with the final sum set, will occur on 31 December 2020, with the collection of the corresponding sum being enforceable on 31 March 2021.

## D. OTHER IMPORTANT INFORMATION

If there are any relevant issues related to director remuneration that are not contained in the previous sections of this report but which must be included in order to present fuller and more detailed information about the company's remuneration structure and practices in relation to its Directors, explain them here briefly.

During the 2019 financial year, the fixed amount accrued in favour of the CEO amounted to 188,900 euros, compared to the 186,700 euros initially reported, while the second amount (which coincides with the amount received during the 2018 financial year) was updated under the CPI of the previous year.

This annual report on remuneration was approved by the Company’s Board of Directors at its meeting held on:

27/02/2020

State whether any directors voted against or abstained in relation to the approval of this Report.

[ ] Yes
[ √ ] No

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

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Solarpack Corporación Tecnológica, S.A.,

## Report on the Financial Statements

### Opinion

We have audited the financial statements of Solarpack Corporación Tecnológica, S.A. (the Company), which comprise the balance sheet as at 31 December 2019, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2019, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the financial statements) and, in particular, with the accounting principles and rules contained therein.

### Basis for Opinion

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

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

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

### Key Audit Matters

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

| Measurement of investments held in Group companies and associates | |
|---|---|
| **Description** | **Procedures applied in the audit** |
| As detailed in Note 8.2, the Company has ownership interests in the share capital of Group companies and associates that are not listed on regulated markets, and has granted loans thereto, for a total of EUR 177,593 thousand. In 2019 the Company increased its investments in Group companies and associates by EUR 109,189 thousand.<br><br>Each year the Company reviews the indicators of impairment and, where appropriate, estimates the recoverable amount of these ownership interests and loans. In the case of companies producing solar PV energy, the methodology for determining the recoverable amount is based on the comparison of the actual profit or loss obtained by those plants with the expected profit or loss in the base case (the base case relates to the revenue and profit or loss estimates prepared at the time the investment decision was made). For the other companies and loans, it is determined by taking into consideration the value of the equity of the investees, adjusted by the amount of the unrealised gains existing at the date of measurement.<br><br>As the determination of the existence of indications of impairment requires the application of a high degree of judgement, and due to the significance of the investments held, we considered the situation described to be a key matter in our audit. | Our audit procedures included, among others, the review of the analyses conducted by management to identify indications of impairment.<br><br>Where indications of impairment were identified, the analyses of the recoverable amount of the aforementioned ownership interests and loans conducted by Company management were reviewed, verifying the clerical accuracy thereof and the appropriateness of the valuation method used in relation to the investment held. To this end, where the discounted cash flow method was used, we analysed the consistency of the future cash flow forecasts and analysed the reasonableness of the main assumptions applied. For those investments whose recoverable amount was estimated on the basis of the equity of the investee, we reviewed the analysis performed by management, on the basis of the latest available financial information.<br><br>We also evaluated and reviewed the financial information of the aforementioned companies in order to obtain sufficient appropriate evidence of the measurement of these investments in the Company's balance sheet.<br><br>In addition, we obtained the latest available financial statements of the Group companies and associates, and verified that the financial information used in this process to measure the investment portfolio with data updated to December 2019 was consistent with that contained in the aforementioned financial statements.<br><br>Lastly, we checked that the disclosures provided in Note 6.2 to the accompanying financial statements in connection with this matter were in conformity with those required by the applicable accounting regulations. |

| Revenue from sales and services to related parties | |
|---|---|
| **Description** | **Procedures applied in the audit** |
| As indicated in Note 1, the Company is the head of a group of companies engaging in the promotion, management and administration of renewable energy producing companies. In this context, the Company acts both as a purchasing centre, acquiring equipment that is subsequently sold to other Group companies promoting the construction of solar farms, and as a provider of various types of services to the other Group companies.<br><br>In 2019, of the total revenue recognised by the Company, EUR 63,709 thousand related to revenue earned in this connection. Due to the significance that these transactions with related parties have in the Company's financial statements, as well as the significant judgements used to determine whether the prices applied to these transactions are in line with those that would be applied between independent parties, we consider the situation described to be a key matter in our audit. | Our audit procedures included, on the one hand, the review of the supporting documentation of the transactions performed with the Group companies. We also analysed the procedure developed by the Company to identify and compile information relating to transactions with related parties, with special emphasis on aspects relating to the completeness and valuation of such transactions, obtaining and analysing the documentation provided by the Company to support the fact that that the conditions applied to these transactions are reasonable compared with those that could be applied between independent parties. Also, we applied analytical procedures in relation to the evolution of the margin and substantive procedures consisting of confirmation by the various companies in the Group to which the Company belongs of the balances and transactions disclosed in the notes to the financial statements.<br><br>In addition, we analysed the adequacy of the disclosures made by the Company in relation to these matters, which are included in Note 18 to the financial statements for 2019. |

## Other Information: Directors' Report

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

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

a) A specific level that applies to certain information included in the Annual Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the directors' report and, if this is not the case, reporting this fact.

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

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

### Responsibilities of the Directors and of the Audit Committee for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the process involved in the preparation and presentation of the financial statements.

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

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

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description in the aforementioned Appendix forms part of our auditor's report.

## Report on Other Legal and Regulatory Requirements

### Additional Report to the Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit committee dated 27 February 2020.

### Engagement Period

The Annual General Meeting of Solarpack Corporación Tecnológica, S.L. -currently Solarpack Corporación Tecnológica, S.A.- held on 29 June 2018 appointed us as auditors for a period of three years from the year ended 31 December 2017.

# Appendix to our auditor's report

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

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

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

- Identify and assess the risks of material misstatement of the 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 entity's internal control.

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

- Conclude on the appropriateness of the use by the directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’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 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 Company to cease to continue as a going concern.

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

We communicate with the entity's audit committee 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 entity's audit committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the entity's audit committee, we determine those matters that were of most significance in the audit of the 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.

# SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.

## BALANCE SHEET AS OF DECEMBER 31, 2019 AND 2018 (Notes 1,2 y 4)

(Euros)

| ASSETS | Explanatory notes | 31.12.19 | 31.12.18 (*) | EQUITY AND LIABILITIES | Explanatory notes | 31.12.19 | 31.12.18 (*) |
|---|---|---|---|---|---|---|---|
| **NON-CURRENT ASSETS:** | | **142.939.478** | **71.240.934** | | **12** | **161.379.609** | **144.157.908** |
| **Intangible assets** | **5** | **329.928** | **307.312** | ***NET EQUITY*** | | | |
| Development | | 4.610 | 4.610 | **Share capital** | | **13.301.205** | **13.301.205** |
| Computer software | | 325.318 | 302.702 | **Share premium** | | **109.586.028** | **109.586.028** |
| **Property, plant and equipment** | **6** | **84.739** | **129.657** | **Reserves** | | **18.464.959** | **18.867.843** |
| Technical facilities and another tangible assets | | 84.739 | 129.657 | Legal and bylaw reserves | | 80.000 | 80.000 |
| **Non-current investments in Group companies and associates** | **8.2** | **137.467.593** | **62.848.582** | Other reserves | | 18.384.959 | 18.787.843 |
| Equity instruments | | 105.070.632 | 50.078.427 | **Profit for the period** | | **15.820.032** | **(402.884)** |
| Long-term loans to Group companies and associates | | 32.396.961 | 12.770.155 | | | | |
| **Non-current financial assets** | **8.1** | **82.638** | **4.795.806** | **Assets measured at fair value through other comprehensive income** | **8.1** | **4.207.385** | **2.805.716** |
| Equity instruments | | 120 | 4.713.288 | | | | |
| Long-term loans to third parties | | 82.518 | 82.518 | **NON-CURRENT LIABILITIES** | | **11.259.160** | **11.220.678** |
| **Deferred tax assets** | **16 y 17** | **4.974.580** | **3.159.577** | **Non-current payables** | **13** | **5.249.589** | **9.289.603** |
| | | | | Other financial liabilities | | 5.249.589 | 9.289.603 |
| | | | | **Non-current payables to Group companies and associates** | **18** | **2.832.682** | **1.807.139** |
| | | | | **Long-term provisions for employee benefits** | **19.4** | **3.052.953** | **-** |
| **CURRENT ASSETS:** | | | | **Deferred tax liabilities** | **8.1, 16 y 17** | **123.936** | **123.936** |
| **Inventories** | | | | | | | |
| **Trade and other receivables** | | **51.247.458** | **92.754.299** | **CURRENT LIABILITIES** | | **21.548.167** | **8.616.647** |
| Trade receivables for sales and services | **10** | **221.812** | **1.586.353** | **Current payables** | **13** | **13.840.511** | **3.110.834** |
| Trade receivables from Group companies and associates | | **7.039.689** | **3.331.737** | Bank borrowings and other financial liabilities | | 8.543.047 | 572 |
| Sundry accounts receivable | | 4.717.971 | 163.443 | Other financial liabilities | | 5.297.464 | 3.110.262 |
| Other accounts receivable from public authorities | **18** | 2.253.138 | 2.124.851 | **Current payables to Group companies and associates** | **18** | **154.261** | **352.379** |
| **Current investments in Group companies and associates** | | 14.764 | 340.587 | **Trade and other payables** | **14** | **7.347.270** | **4.948.599** |
| Equity instruments | **15** | 53.816 | 702.856 | Payable to suppliers | **14** | 6.268.023 | 4.240.471 |
| Short-term loans to Group companies and associates | **8.2** | **40.125.458** | **4.709.324** | Trade payable from Group companies and associates | **14 y 18** | 6.898 | 6.897 |
| **Current financial assets** | | 40.125.458 | 4.709.324 | Sundry accounts payable | **14** | - | 5.902 |
| Short-term loans to third parties | **8.1** | **1.183.496** | **1.086.462** | Remuneration payable | **14** | 545.475 | 379.875 |
| Other current financial assets | | 5.120 | 5.120 | Other accounts payable to public authorities | **15** | 526.874 | 315.454 |
| **Current prepayments and accrued income** | | 1.178.376 | 1.081.342 | **Current prepayments and accrued income** | | **206.125** | **204.835** |
| **Cash and cash equivalents** | | **528.409** | **60.724** | | | | |
| | **11** | **2.148.594** | **81.979.699** | | | | |
| **TOTAL ASSETS** | | **194.186.936** | **163.995.233** | **TOTAL EQUITY AND LIABILITIES** | | **194.186.936** | **163.995.233** |

(*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 24 are an integral part of the balance sheet as of 31 December 2019.

# SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.

## PROFIT AND LOSS ACCOUNTS CORRESPONDING TO THE YEAR 2019 AND 2018

(Euros)

| | Notas de la Memoria | Period ended 31 December 2019 | Period ended 31 December 2018 (*) |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| **Revenue** | **19.1** | **87.767.035** | **5.672.670** |
| Sales | | 64.173.096 | - |
| Service provisions | | 3.965.277 | 3.244.438 |
| Dividends | | 13.107.631 | 650.358 |
| Income from credits granted | | 2.899.259 | 1.777.874 |
| Income from the disposal of shares in Group companies | | 3.621.772 | - |
| **In-house work on non-current assets** | | **26.348** | **50.274** |
| **Procurements** | **19.3** | **(56.142.386)** | **630.590** |
| Cost of goods held for resale sold | | (1.512.170) | 1.483.077 |
| Works done by other companies | | (54.630.216) | (852.487) |
| **Other operating income** | **19.2** | **57.982** | **102.986** |
| Non-core and other current operating income | | 57.982 | 56.275 |
| Income-related grants transferred to profit or loss | | - | 46.711 |
| **Staff costs** | **19.4** | **(6.425.832)** | **(3.081.283)** |
| Wages, salaries and similar expenses | | (5.937.475) | (2.688.585) |
| Employee benefit costs | | (488.357) | (392.698) |
| **Other operating expenses** | **19.5** | **(6.965.963)** | **(2.619.012)** |
| Outside services | | (4.298.327) | (2.560.658) |
| Taxes other than income tax | | (2.667.636) | (58.354) |
| **Depreciation and amortisation charge** | **5 y 6** | **(91.592)** | **(60.797)** |
| **PROFIT FROM OPERATIONS** | | **18.225.592** | **695.428** |
| **Finance income** | **20** | **32.491** | **21.194** |
| From marketable securities and other financial instruments | | 32.491 | 21.194 |
| **Finance costs** | **20** | **(953.845)** | **(267.490)** |
| For debts to group comapanies and associates | **18** | (25.165) | (12.545) |
| On debts to third parties | | (928.680) | (254.945) |
| **Changes in fair value of financial instruments** | **9** | **-** | **(541.203)** |
| **Exchange differences** | **20** | **1.348.030** | **(312.792)** |
| **Impairment and gains or losses on disposals of financial instruments** | **8.2** | **(3.229.374)** | **(290.497)** |
| **FINANCIAL PROFIT (LOSS)** | | **(2.802.698)** | **(1.390.788)** |
| **PROFIT BEFORE TAX** | | **15.422.894** | **(695.360)** |
| Income tax | **17** | 397.138 | 292.476 |
| **INCOME FROM ONGOING OPERATIONS** | | **15.820.032** | **(402.884)** |
| **INTERRUPTED OPERATIONS** | | **-** | **-** |
| **PROFIT FOR THE PERIOD** | | **15.820.032** | **(402.884)** |

(*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 24 are an integral part of the profit and loss accounts corresponding to the year 2019

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting

## SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.

### STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019 AND 2018 (Notes 1, 2 and 3)

(Euros)

### A) STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2019 AND 2018

| | Period ended 31 December 2019 | Period ended 31 December 2018 (*) |
|---|---|---|
| **RESULT OF THE PROFIT AND LOSS ACCOUNT (I)** | **15.820.032** | **(402.884)** |
| Items that may be subsequently reclassified to profit or loss | | |
| - Assets measured at fair value through other comprehensive income (Nota 8.1) | 1.401.669 | 2.925.687 |
| - Tax effect (Nota 8.1) | - | (119.971) |
| **TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)** | **1.401.669** | **2.805.716** |
| Items that may be subsequently reclassified to profit or loss | | |
| - Assets measured at fair value through other comprehensive income (Nota 8.1) | | |
| - Tax effect (Nota 8.1) | | |
| **TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT(III)** | | |
| **TOTAL INCOME AND RECOGNIZED EXPENSES (I+II+III)** | **17.221.701** | **2.402.832** |

### B) STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019 AND 2018

| | Share capital | Share premium | Retained earnings | Profit for the period | at fair value through other comprehensive income | Total equity |
|---|---|---|---|---|---|---|
| **Final balance year 2017 (*)** | **426.650** | **5.213.066** | **31.743.779** | **5.426.717** | **-** | **42.810.212** |
| Total expenses and income recognized | - | - | - | (402.884) | 2.805.716 | 2.402.832 |
| - Other changes (Note 12) | (26.649) | (325.834) | (5.084.469) | - | - | (5.436.952) |
| - Dividends (Note 12) | - | - | (168.012) | - | - | (168.012) |
| - Distribution of profit for the period 2017 | - | - | 5.426.717 | (5.426.717) | - | - |
| - Capital encrease with charge to freely available reserves (Note 12) | 7.599.999 | - | (7.599.999) | - | - | - |
| - Capital increase (Note 12) | 5.301.205 | 104.698.796 | (5.450.173) | - | - | 104.549.828 |
| **Final balance year 2018** | **13.301.205** | **109.586.028** | **18.867.843** | **(402.884)** | **2.805.716** | **144.157.908** |
| Total expenses and income recognized | - | - | - | 15.820.032 | 1.401.669 | 17.221.701 |
| - Distribution of profit for the period 2018 | - | - | (402.884) | 402.884 | - | - |
| - Other transactions ( Note 8.2) | - | - | - | - | - | - |
| **Final balance year 2019** | **13.301.205** | **109.586.028** | **18.464.959** | **15.820.032** | **4.207.385** | **161.379.609** |

(*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 24 are an integral part of the corresponding statements of change in equity for the year 2019

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting

## SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.

**STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2019 AND 2018 (Notes 1, 2 and 3)**
(Euros)

| | Explanatory notes | Period ended 31 December 2019 | Period ended 31 December 2018 (*) |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES (I)** | | **21.870.124** | **(591.928)** |
| **Profit for the period before tax** | | **15.422.894** | **(695.360)** |
| **Adjustments for-** | | **5.727.432** | **1.177.487** |
| - Depreciation and amortisation charge | **5 y 6** | 91.592 | 60.797 |
| - Losses on and write-down of trade receivables and changes in provisions for commercial transactions | **8.2** | 3.035.911 | 290.497 |
| - Finance income | **20** | (32.491) | (21.194) |
| - Finance costs | **20** | 953.845 | 267.490 |
| - Exchange rate differences | | (1.348.030) | 88.968 |
| - Changes in fair value of financial instruments | **8.1** | - | 541.203 |
| - In-house work on non-current assets | | (26.348) | (50.274) |
| -Long-term employee benefits obligations | | 3.052.953 | - |
| **Changes in working capital-** | | **1.641.152** | **(766.514)** |
| - Inventories | **10** | 1.364.541 | (1.483.077) |
| - Trade and other receivables | | (4.175.637) | (1.914.127) |
| - Other current assets | | 704.257 | 20.394 |
| - Trade and other payables | **14** | 3.747.991 | 2.624.481 |
| - Other non-current assets and liabilities | | - | (14.185) |
| **Other cash flows from operating activities-** | | **(921.354)** | **(307.541)** |
| - Interest paid | | (953.845) | (328.735) |
| - Interest received | | 32.491 | 21.194 |
| **CASH FLOWS FROM INVESTING ACTIVITIES (II)** | | **(107.800.452)** | **(25.627.582)** |
| **Payments due to investment-** | | **(109.232.270)** | **(26.624.703)** |
| - In group companies and associates | **8.2** | (109.189.328) | (26.447.995) |
| - Intangible assets | **5** | (32.952) | (176.708) |
| - Property, plant and equipment | **6** | (9.990) | - |
| **Proceeds from disposal-** | | **1.431.818** | **997.121** |
| - Loans from group companies and associates | | 445.628 | - |
| - short term financial investements | **8.2** | - | 370.729 |
| - short term financial investements | | 986.190 | 626.392 |
| **CASH FLOWS FROM FINANCING ACTIVITIES (III)** | | **6.099.223** | **100.094.193** |
| **Proceeds and payments relating to equity instruments-** | **12** | **-** | **102.828.720** |
| - Proceeds from equity instruments | | **-** | 102.828.720 |
| **Proceeds and payments relating to financial liability instruments-** | **13** | **6.099.223** | **(2.566.515)** |
| a) Procceds from issue | | 8.542.475 | (336.055) |
| *of bank borrowings* | | 8.542.475 | - |
| *of intercompany borrowings* | | - | - |
| *Other debts* | | - | (336.055) |
| b) Payments | | (2.443.252) | (2.230.460) |
| *of bank borrowings* | | - | (14.356) |
| *of intercompany borrowings* | | (590.440) | (1.723.456) |
| *Other debts* | | (1.852.812) | (492.648) |
| **Dividends and returns on other equity instruments paid-** | | **-** | **(168.012)** |
| - Dividends | **12** | - | (168.012) |
| **EFFECT OF FOREIGN EXCHANGE RATE CHANGES (IV)** | | **-** | **-** |
| **NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)** | | **(79.831.105)** | **73.874.683** |
| Cash and cash equivalents at beginning of period | | 81.979.699 | 8.105.016 |
| Cash and cash equivalents at end of six-month period | | 2.148.594 | 81.979.699 |

(*) Presented for comparison purposes only (see Note 2.5).

The accompanying Notes 1 to 24 are an integral part of the statement of cash flows period ended 31 December 2019.

## Solarpack Corporación Tecnológica, S.A.

Annual report for the year ended
31 December 2019

### 1. Company activity

Solarpack Corporación Tecnológica, S.A. was incorporated on 1 April 2005 as a limited liability company for an indefinite period of time. Its employer identification number is A-95.363.859. Its registered office is at Avenida Algorta, 16 3º, Getxo, Vizcaya, where it carries out its business activity.

The corporate purpose and main activity of Solarpack Corporación Tecnológica, S.A. is:

- To promote renewable energy production.
- To study, research, develop and provide all nature of services concerning advice, support and technical management in the field of renewable energies, including the supply, installation and assembly of industrial equipment and installations required for energy production plants and the maintenance, surveillance and management thereof.
- To promote, manage and direct energy production companies.
- To have a direct or indirect interest in other companies with a similar corporate purpose.

On 17 September 2018, the Solarpack Technology Corporación Tecnológica, S.A. Board decided through an Extraordinary General Meeting to change the legal form of the company from a limited liability company to a joint stock company, which was executed in a public deed on 25 October 2018 and recorded in the Vizcaya companies register on 30 October 2018.

Likewise, on 5 December 2018, the shares of the Parent Company were admitted to trading on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, as explained in Note 12.

The financial statements for 2018 were approved by the shareholders at the General Meeting held on 29 March 2019.

The individual financial statements for 2019 were prepared by the directors in a meeting of the Board of Directors held on 27 February 2020.

The Company is the parent company of a group of subsidiaries, and under current legislation, it is obliged to prepare the consolidated financial statements separately. The consolidated financial statements of the Solarpack Corporación Tecnológica, S.A. group and subsidiaries for 2019 were prepared by the directors at any meeting of its Board of Directors held on 27 February 2020.

Solarpack Corporación Tecnológica, S.A. is the parent company of a group of companies whose activity is related to the promotion and management of renewable energy producers, including the supply, installation and assembly of equipment and facilities for energy producing plants and the construction and sale of photovoltaic farms, as well as the production and sale of photovoltaic solar energy from solar plants that it owns.

The Group's operational geographical scope is currently, and mainly, Spain, Latin America (Chile, Peru, Uruguay and Colombia, principally), the United States of America, South Africa, India and Southeast Asia.

The functional currency of the Company is the euro, which is the currency mostly used to generate and use resources in the operational field.

## 2. Basis of presentation of financial statements

### *2.1 Financial reporting regulatory framework applicable to the Company*

These accompanying financial statements have been prepared by the Directors in accordance with the financial reporting regulatory framework applicable to the Company, which is established in:

a) Commercial Code and all other commercial legislation.

b) Spanish National Chart of Accounts approved by Royal Decree 1514/2007, which was amended by Royal Decree 602/2016, and its sector adaptations.

c) The mandatory accounting standards approved by the Spanish Accounting and Account Auditing Institute in the implementation of the Spanish National Chart of Accounts and its complementary standards.

d) All other applicable Spanish generally accepted accounting principles (GAAP).

### *2.2 Fair view*

The accompanying financial statements have been obtained from the accounting records of the Company and are presented in accordance with the applicable financial reporting regulatory framework and, in particular, the accounting principles and criteria contained therein, so that they show a true and fair view of the assets and the financial situation of the Company as of 31 December 2019.

These financial statements omit any information or breakdowns which, not requiring detail due to their qualitative importance, have been considered non-material or have no relative importance according to the concept of materiality or relative importance defined in the conceptual framework of the 2007 Spanish National Chart of Accounts.

Additionally, the Directors prepared these financial statements on 27 February 2020, taking into account all the accounting principles and standards of mandatory application that have a significant effect on said information.

### *2.3 Non-obligatory accounting principles applied*

Non-obligatory accounting principles have not been applied. Additionally, there is no accounting principle which, being obligatory, has not been applied.

### *2.4 Important aspects relating to the valuation and estimation of uncertainty*

In the preparation of the attached balance sheet estimates have been made based on historical experience and other factors that are considered reasonable in accordance with current circumstances and that constitute the basis for establishing the book value of certain assets, liabilities, income, expenses and commitments whose value is not easily determinable through other sources. The Company reviews its estimates continuously.

Although these estimates have been made based on the best information available at the close of the year ended 31 December 2019, future events may require them to be modified (up or down) in the coming years, which would be done, where appropriate, prospectively.

The most significant judgements and estimates are as follows:

- Underlying assumptions to assess the recoverability of deferred tax assets (Note 16).
- Estimation of the useful lives of material assets (Note 6) and intangibles (Note 5).
- Valuation of shares and credits in group companies (Note 8.2).
- Personnel benefits (Note 19.4)
- Income tax (Note 17).

### *2.5 Comparison of information*

Accounting criteria in the year ended 31 December 2019 and in the previous year ended 31 December 2018 was uniformly applied. Therefore, no operations or transactions have been recorded following different accounting principles that could otherwise cause discrepancies in the interpretation of the comparative figures of both periods.

### *2.6 Changes in accounting criteria*

During the year ended 31 December 2019, no changes were made to the accounting criteria with respect to the criteria applied in the 2018 financial year.

### *2.7 Grouping of items*

Certain items of the balance sheet are presented in a grouped form to facilitate their understanding. However, to the extent that it is significant, the disaggregated information has been included in the corresponding notes of the report.

## 3. Appropriation of profit/loss

The proposed appropriation of profit/loss for the year prepared by the Company's directors and which will be submitted for the approval of the General Shareholders Meeting is as follows:

| | 2019 |
|---|---|
| Legal reserve | 1,582,003 |
| Other reserves | 14,238,029 |
| **Profit or loss for the year** | **15,820,032** |

## 4. Recognition and measurement

As indicated in Note 2, the Company has applied accounting policies in accordance with the accounting principles and standards set forth in the Commercial Code, which are presented in the Spanish National Chart of Accounts in force (2007 Spanish National Chart of Accounts), as well as the rest of the commercial legislation in effect at the closing date of these financial statements.

The main accounting rules used by the Company to prepare the financial statements for the year ended 31 December 2018, in accordance with those established by the Spanish National Chart of Accounts, are as follows:

### 4.1 Intangible Assets

**Trademarks and licenses**

Trademarks and licenses acquired from third parties are shown at historical cost. They have a finite useful life and are showed at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis to allocate the cost of the trademarks and licences over their useful life of between three and five years.

**Computer software**

Licenses for computer programs acquired are capitalised based on the costs incurred to acquire them and to prepare each specific program for use.

The costs associated with developing or maintaining computer software programs are recognised as an expense when incurred. Costs directly related to the production of uniquely identifiable computer programs controlled by the Company, and which are likely to generate future economic benefit greater than their costs for a period of more than one year, are recognised as intangible assets. Direct costs include the costs of the personnel who develop the software and an appropriate proportion of overheads.

Software, either acquired from third parties or self-developed, recognised as assets, is amortised from the start of its operation over its estimated service life, which will not exceed five years.

### 4.2 Property, Plant and Equipment

Property, plant and equipment is initially measured at its acquisition price or production cost and subsequently reduced by the corresponding accumulated depreciation and impairment losses, if any.

The maintenance and upkeep costs of the different items that make up property, plant and equipment are charged to the income statement for the year in which they are incurred. By contrast, the amounts invested in improvements that help increase the capacity or efficiency or extend the useful life of these goods are recorded as the higher cost thereof.

The Company depreciates property, plant and equipment on the straight-line basis, applying annual depreciation percentages calculated based on the estimated use of useful life of the respective goods, as detailed below:

| | Depreciation Percentage |
|---|---|
| Technical Facilities | 15% |
| Machinery | 10% |
| Furniture | 15% |
| Computer hardware | 25% |
| Transport items | 20% |
| Other items of property, plant and equipment | 25% |

The residual value and the useful life of the assets are reviewed, and adjusted if necessary, on the date of each balance sheet.

When the carrying amount of an asset exceeds its estimated recoverable amount, its carrying amount is reduced immediately to its recoverable amount.

Losses and gains on the sale of property, plant and equipment are calculated by comparing the income obtained with the carrying amount and are recognised in the income statement under the heading of "Impairment and gains/losses on disposal of fixed assets".

### *4.3 Impairment*

At the closing date, the Company analyses the value of its non-current assets to determine if there is any evidence that said assets had suffered an impairment loss. If there is any evidence, there will be an estimate of the recoverable amount of the asset to determine the writedown amount if necessary.

The recoverable amount is the higher value between the market value reduced by the cost of its sale and the value-in-use, which is understood as the current value of the estimated future cash flows.

If the recoverable amount is lower than the net book value of the asset, the corresponding impairment loss will be recorded for the difference charged to "Impairment and gains/losses on disposal of fixed assets" of the attached income statement and credited to "Tangible fixed assets" or "Intangible fixed assets", in each case, of the attached balance sheet.

Impairment losses recognised in a tangible asset in previous years are reversed when there is a change in the estimate of its recoverable amount, increasing the value of the asset with the carrying amount that the asset would have had if the writedown had not been performed.

### *4.4 Inventories*

Inventories are measured at the lower of acquisition or production cost and net realisable value. Trade discounts, rebates, other similar items and interest included in the face value of the related payables are deducted in determining the costs of purchase.

Production cost includes the costs of direct materials and, where applicable, direct labour and production overheads.

For inventory that needs more than one year to be able to be sold, the cost includes financial expenses that have been paid by the supplier or that correspond to loans or other types of foreign, specific or generic financing, directly attributable to manufacturing or construction.

Net realisable value is the estimated selling price less the estimated costs for completing its manufacture and costs to be incurred in marketing, selling and distribution.

The Company recognises the appropriate write-downs as an expense in the income statement when the net realisable value of the inventories is lower than their acquisition price or production cost.

### *4.5 Leases*

Leases are classified as finance leases whenever their terms show that all the risks and rewards of ownership of the asset under the agreement are transferred substantially to the lessee. All other leases are classified as operating leases.

**Finance leases**

In finance leases in which the Company acts as the lessee, the cost of the leased assets is presented in the balance sheet, based on the nature of the leased asset, and, simultaneously, a liability is recognised for the same amount. This amount is the lower of the fair value of the leased asset and the present value at the start of the lease of the agreed minimum payments, including the purchase option, when it is reasonably certain that it will be exercised. Contingent fees, the cost of the services and the taxes to be paid by the lessor are not included in its calculation. The total financial burden is allocated to the income statement for the year in which it is incurred using the effective interest method. Contingent payments are recorded as costs in the financial year in which they are incurred.

Assets recorded by these types of operations are amortised with similar criteria to those applied to tangible assets, depending on their nature.

**Operating leases**

Expenses resulting from operating leases are charged to the income statement in the year in which they are incurred.

Any collection or payment that might be made when arranging an operating lease will be treated as a prepaid lease collection or payment which will be allocated to profit or loss over the lease term, as the benefits of the leased asset are provided or received.

At 31 December 2019 and 2018, the Company only had operating leases.

### *4.6 Financial instruments*

**Financial assets**

*Classification*

The financial assets belonging to the Company are classified into the following categories:

a. Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company’s business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.

b. Equity investments in Group companies, associates and joint ventures: Group companies are deemed to be those related to the Company through a relationship of control, and associates are companies over which the Company exercises significant influence. Joint ventures include companies over which, by virtue of an agreement, the Company exercises joint control with one or more other partners.

c. Available-for-sale financial assets: these include debt securities and equity instruments of other companies that are not classified in any of the previous categories.

*Initial recognition*

Financial assets are initially recognised, in general terms, at the fair value of the consideration given, plus any directly attributable transaction costs.

In the case of investments in the assets of Group companies that grant control over the subsidiary, the fees paid to legal advisers or other professionals related to the acquisition of the investment are allocated directly to the income statement.

*Subsequent measurement*

Loans and receivables are measured at their amortised cost.

Investments in Group companies, associates and joint ventures are measured at their cost, net, where appropriate, of any accumulated impairment losses. These losses are calculated as the difference between their carrying amount and the recoverable amount, understanding the latter as the higher of their fair value less selling costs and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, the equity of the investee company, corrected for tacit capital gains existing at the measurement date, will be taken into account (including any goodwill).

Finally, available-for-sale financial assets are measured at fair value and the gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or it is determined that it has become (permanently) impaired, at which time the cumulative gains or losses previously recognised in equity are recorded in the net profit or loss for the year. In this regard, impairment is deemed to exist (permanent) if the market value of the asset has fallen by more than 40% over a period of eighteen months without the value having recovered.

At least at the close of each year the Company tests financial assets not measured at fair value for impairment. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When this occurs, the appropriate write-down is recognised in the income statement.

The Company derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Company does not retain any credit or interest rate risk, sales of financial assets with a repurchase agreement at fair value or securitisations of financial assets in which the transferor company does not retain subordinated financing or grants any type of guarantee or assumes some other type of risk.

However, the Company does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of bill discounting and with-recourse factoring, sales of financial assets with repurchase agreements at a fixed price or at the sale price plus interest and securitisations of financial assets in which the transferor company retains subordinated financing or other guarantees that substantially absorb all expected losses.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand deposits at banks, other short-term, highly liquid investments with an initial maturity of three months or less, and bank overdrafts. Bank overdrafts are classified as borrowings under current liabilities in the statement of financial position.

**Trade payables and other payables**

Accounts payable are initially recorded at their market cost and subsequently measured at the amortised cost using the effective interest rate method. The Company derecognises financial liabilities when the obligations that gave rise to them cease to exist.

The Company did not have confirming lines available on 31 December 2019 or 31 December 2018.

**Bank borrowings and other financial liabilities**

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

The Company derecognises financial liabilities when the obligations that gave rise to them cease to exist.

### *4.7 Share capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new shares or options are presented in equity as a deduction, net of taxes, of the income obtained.

When the Company acquires its own shares, the consideration paid, including any directly attributable incremental cost (net of income tax) is deducted from equity until its cancellation, new issuance or disposal. When these shares are subsequently reissued, all amounts received, net of any directly attributable transaction incremental costs and the corresponding effects of income tax, are included in equity.

### *4.8 Foreign currency transactions and balances*

The Company's functional currency is the euro. Consequently, transactions in currencies other than the euro are deemed to be foreign currency transactions and are recognised by applying the exchange rates prevailing on the transaction dates.

Exchange-rate differences arising at the date of settlement of these transactions and the conversion to the closing exchange rates of monetary assets and liabilities denominated in foreign currency are charged or credited, as appropriate, to income, except if they differ in other comprehensive income such as in the case of qualified cash flow hedges and qualified net investment hedges.

Exchange-rate differences are presented in the income statement in the "Exchange-rate differences (net)" line.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial instruments at fair value with changes in other comprehensive income are analysed considering the translation differences resulting from changes in the amortised cost of the instrument and other changes in its carrying amount. Translation differences related to variations in amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are recognised in the income statement as part of the gain or loss of fair value. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in the other comprehensive income.

### *4.9 Income tax*

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year, reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences identified as those items expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, as well as tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Assets and liabilities for deferred tax include temporary differences identified as those items expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, as well as tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that does not affect the taxable profit/loss or the profit/loss and that is not a business combination.

Deferred tax assets, on the other hand, are only recognised to the extent that it is considered probable that the Company will have sufficient taxable profits in the future against which it will be possible to recover them and provided that this period does not exceed ten years.

At each accounting close the deferred tax assets recognised are reviewed and appropriate adjustments are made where there are doubts as to their future recoverability. Likewise, at each accounting close the deferred tax assets that have not been recognised in the balance sheet are assessed and are recognised to the extent that their recovery against future taxable profits has become probable, with a ten-year time limit or at the end of their statutory limitation period, whichever comes first.

### *4.10 Revenue and expenses*

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Revenue from the rendering of services is recognised by reference to the stage of completion of the service at the end of the reporting period, provided the outcome of the transaction can be estimated reliably.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. In any case, interest and dividends from financial assets accrued after the acquisition date are recognised as income in the income statement.

### *4.11 Provisions and contingencies*

When preparing the financial statements on 31 December 2019 the Company's directors differentiated between:

- Provisions: credit balances covering present obligations arising from past events, with respect to which it is probable that an outflow of resources will be required to settle the obligations but whose amount and/or timing is uncertain.

- Contingent liabilities: possible obligations arising from past events, whose occurrence depends on whether one or more future events beyond the control of the Company happen or not.

The financial statements for 2019 reflect all significant provisions with regard to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the balance sheet at 31 December 2019, but rather are disclosed in the notes of the report, unless they are considered to be remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences, while recording the adjustments arising from the updating of such provisions as a financial expense as long as it accrues.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

### *4.12 Termination benefits*

Under current legislation, the Company is required to pay compensation to employees terminated under certain conditions. The Company's directors consider that the liability accrued for possible dismissals of permanent and temporary staff which in normal circumstances they may have in the future and for the amounts payable for them, is not significant, so no provision has been made for this item in the balance sheet.

### *4.13 Variable remuneration plans*

The company has an incentive plan with some of its managers whose value is based on the achievement of the objectives described in note 19.4 and takes into account the Solarpack Corporación Tecnológica share price. The Group records the current value of the obligation of these future payments, which is calculated by applying a simplified method in the plan consolidation period, recording the expense in "Personnel expenses" credited to "Provisions - Provisions for payments based on shares" in the consolidated balance sheet as of 31 December 2019 attached (Note 19.4), as it is a cash-settled share based payment.

### *4.14 Related party transactions*

The Company performs all its transactions with related parties at market prices. Also transfer prices are appropriately supported so the Company's directors do not consider that any significant risks that could give rise to material liabilities in the future exist in this connection.

### *4.15 Environmental assets*

Environmental assets are those assets that are used on a lasting basis in the Company's activity, whose main purpose is minimisation of the environmental impact and protection and improvement of the environment, including the reduction or elimination of future pollution.

The Company’s activity, by its very nature, does not have a significant environmental impact.

### *4.16 Current/Non-current classification*

Current assets are those linked to the normal operating cycle which are generally considered to be one year, any other assets whose expiration, disposal or realisation is expected to occur in the short term after year-end closing, and financial assets held for trading, with the exception of financial derivatives whose settlement term is greater than one year, and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current.

Similarly, current liabilities are those related to the normal operating cycle, financial liabilities held for trading, with the exception of financial derivatives whose settlement term is greater than one year and in general all obligations whose maturity or termination will arise in the short term. Otherwise, they are classified as non-current.

### *4.17 Joint ventures*

The company accounts for its interests in joint ventures by recognising in its balance sheet the share corresponding to it, in proportion to its ownership interest, of the jointly controlled assets and of the jointly incurred liabilities.

Also, it recognises in the income statement its share of the income earned and expenses incurred by the joint venture. In addition, the proportional part corresponding to the Company of the related items of the joint venture are included in the statement of changes in equity and the statement of cash flows.

## 5. Intangible assets

Changes in 2019 and 2018 in the different “Intangible assets” accounts, as well as the most significant information that affects this heading, were as follows:

| | Euros | | | | |
|---|---|---|---|---|---|
| | Balance at 31/12/2017 | Additions | Balance at 31/12/2018 | Additions | Balance at 31/12/2019 |
| **Cost:** | | | | | |
| Development | - | 4,610 | 4,610 | - | 4,610 |
| Patents, licences, trademarks and similar items | 6,000 | - | 6,000 | - | 6,000 |
| Computer software | 85,162 | 222,372 | 307,534 | 59,300 | 366,834 |
| **Total Cost** | **91,162** | **226,982** | **318,144** | **59,300** | **377,444** |
| **Amortisation:** | | | | | |
| Development | - | - | - | - | - |
| Patents, licences, trademarks and similar items | (5,400) | (600) | (6,000) | - | (6,000) |
| Computer software | - | (4,832) | (4,832) | (36,684) | (41,516) |
| **Total amortisation** | **(5,400)** | **(5,432)** | **(10,832)** | **(36,684)** | **(47,516)** |
| **Net:** | | | | | |
| Development | - | 4,610 | 4,610 | - | 4,610 |
| Patents, licences, trademarks and similar items | 600 | (600) | - | - | - |
| Computer software | 85,162 | 217,540 | 302,702 | 22,616 | 325,318 |
| **Net balance** | **85,762** | **221,550** | **307,312** | **22,616** | **329,928** |

The main additions for the year ended 31 December 2019 are due to the implementation of the Company's new software applications, which at 31 December 2019 were already operational.

During 2019 and 2018, the Company has not recognised or reversed valuation adjustments for impairments of any individual intangible asset.

At the close of 2018, the Company had firm commitments to purchase software applications for the amount of 117 thousand euros; during 2019, the Company had no commitment to purchase software applications.

## 6. Property, plant and equipment

Changes in 2019 and 2018 in the different "Property, plant and equipment" accounts, as well as the most significant information that affects this heading, were as follows:

| | Euros | | | | |
|---|---|---|---|---|---|
| | Balance at 31/12/2017 | Additions | Balance at 31/12/2018 | Additions | Balance at 31/12/2019 |
| **Cost:** | | | | | |
| Technical Facilities | 86,126 | - | 86,126 | - | 86,126 |
| Machinery | 7,026 | - | 7,026 | - | 7,026 |
| Furniture | 140,116 | - | 140,116 | 9,990 | 150,106 |
| Computer hardware | 99,802 | - | 99,802 | - | 99,802 |
| Transport items | 14,596 | - | 14,596 | - | 14,596 |
| Other items of property, plant and equipment | 4,671 | - | 4,671 | - | 4,671 |
| **Total Cost** | **352,337** | - | **352,337** | **9,990** | **362,327** |
| **Amortisation:** | | | | | |
| Technical Facilities | (38,273) | (12,919) | (51,192) | (12,916) | (64,108) |
| Machinery | (6,900) | (126) | (7,026) | - | (7,026) |
| Furniture | (72,892) | (18,659) | (91,551) | (18,386) | (109,937) |
| Computer hardware | (29,983) | (23,661) | (53,644) | (23,606) | (77,250) |
| Transport items | (14,596) | - | (14,596) | - | (14,596) |
| Other items of property, plant and equipment | (4,671) | - | (4,671) | - | (4,671) |
| **Total amortisation** | **(167,315)** | **(55,365)** | **(222,680)** | **(54,908)** | **(277,588)** |
| **Net:** | | | | | |
| Technical Facilities | 47,853 | (12,919) | 34,934 | (12,918) | 22,016 |
| Machinery | 126 | (126) | - | - | - |
| Furniture | 67,224 | (18,659) | 48,565 | (8,394) | 40,171 |
| Computer hardware | 69,819 | (23,661) | 46,158 | (23,606) | 22,552 |
| Transport items | - | - | - | - | - |
| Other items of property, plant and equipment | - | - | - | - | - |
| **Net balance** | **185,022** | **(55,365)** | **129,657** | **(44,918)** | **84,739** |

At the close of 2019 and 2018 the Company had fully amortised property, plant and equipment items that were in use as detailed below:

| | Euros | |
|---|---|---|
| | 31/12/2019 | 31/12/2018 |
| Machinery | 7,026 | 7,026 |
| Furniture | 18,664 | 17,546 |
| Computer hardware | 18,219 | 6,060 |
| Transport items | 24,190 | 14,596 |
| Other items of property, plant and equipment | 4,671 | 4,671 |
| **Total** | **72,770** | **49,899** |

The Company's policy is to take out insurance policies to cover the possible risks to which its property, plant and equipment are subject. At the end of 2019 there was no lack of coverage related to those risks.

At 31 December 2019 and 31 December 2018, there were no property, plant and equipment items not subject to use for a significant amount.

Also, at 31 December 2019, there were no significant investment commitments.

## 7. Leases

At the end of 2019 and 2018 the Company had contracted with the lessees the following minimum lease payments, in accordance with the current contracts in force, without taking into account the impact of common expenses, future CPI increases, or future updates of contractually agreed rent:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Under one year | 227,925 | 227,925 |
| One to five years | 911,701 | 911,701 |
| Over five years | 3,243,977 | 3,471,902 |
| **Total** | **4,383,603** | **4,611,528** |

At 31 December 2019 and 2018, the most significant leases corresponded to the lease of certain lands on which certain photovoltaic solar plants of the Group are located, which are sublet to them, as well as the Company's offices.

## 8. Non-current and current financial assets

### *8.1 Financial assets*

The balance of the accounts of "Non-current and current financial assets" at 31 December 2019 and 31 December 2018 is as follows:

| Classes / Categories | Euros | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Non-current and current financial assets | | | | | | | |
| | Equity instruments | | Loans to third parties | | Other financial assets | | Total | |
| | Balance at 31/12/2019 | Balance at 31/12/2018 | Balance at 31/12/2019 | Balance at 31/12/2018 | Balance at 31/12/2019 | Balance at 31/12/2018 | Balance at 31/12/2019 | Balance at 31/12/2018 |
| Loans and long-term receivables | - | - | 82,518 | 82,518 | | - | 82,518 | 82,518 |
| Available-for-sale assets: | | | | | | | | |
| Measured at fair value | - | 4,713,288 | - | - | | - | - | 4,713,288 |
| Other | 120 | - | - | - | | - | 120 | - |
| **Total non-current financial assets** | **120** | **4,713,288** | **82,518** | **82,518** | | - | **82,638** | **4,795,806** |
| Loans and short-term receivables | - | - | 5,120 | 5,120 | - | - | 5,120 | 5,120 |
| Other | - | - | - | - | 1,178,376 | 1,081,342 | 1,178,376 | 1,081,342 |
| **Total current financial assets** | - | - | **5,120** | **5,120** | **1,178,376** | **1,081,342** | **1,183,496** | **1,086,462** |

"Loans and long-term receivables" includes the loan granted to the non-related company Solarpack Promo2007 Ciento Dieciocho, S.L. and the interest accrued at 90-day Euribor plus a spread of 0.5% for the amount of 83 thousand euros.

In addition, at 31 December 2018, the item "Available-for-sale assets - Valued at fair value" included the shares in the companies Tacna Solar, S.A.C. and Panamericana Solar, S.A.C., which are not publicly traded. The company had a share of 9.5% in each of them, with it not being considered that any significant influence over them existed. The Company recorded the variation of the shareholding in "Available-for-sale financial assets" and "Deferred tax liability" in the accompanying balance sheet. At 31 December 2018, as a result of the variation in the fair value of said shares, a revaluation of the shareholding for 2,806 was recorded, together with its deferred tax liability for the amount of 120 thousand euros.

During 2019, in the context of the takeover by the Group of which the Company is the parent company, there was a capital reduction in the companies "Tacna Solar, S.A.C. and Panamericana Solar, S.A.C (hereinafter, "Tacna and Panamericana"), so the Company is no longer part of the capital of said Companies. Prior to this capital reduction, the company updated the value of said shares to their fair value (taking as a reference the one used in the takeover by the Group through the company Pantac Holdco, S.L.U) with the value of the shares amounting to 6,112 thousand euros, having recorded in 2019 an additional revaluation in "Available-for-sale financial assets" for the amount of 1,402 thousand euros. At 31 December 2019, there was an outstanding receivable of 801 thousand euros from this capital reduction, recorded in "Short-term investments in group companies and associates – Loans to companies"

On 15 March 2019 the company Pantac Holdco, S.L.U was set up, with the Company subscribing 100% of the share capital. The investment amounted to 20,136 thousand euros.

In May 2019, the Company's directors through the company Pantac Holdco, S.L.U entered into sales agreements with third parties for the acquisition of shares that enabled it to obtain a 100% ownership interest in the companies Tacna and Panamericana. The value of the shareholding in Pantac, S.L. was increased by 4,328 thousand euros, corresponding to the previous revaluation of the shareholding in Tacna and Panamericana.

In accordance with the philosophy in the BOICAC 77 (Official Bulletin of the Institute for Accounting and Auditing) Query 1 and in the NOFCAC (Standards for the Preparation of Consolidated Annual Accounts) for the business combinations by stages, these amounts are maintained in said heading, associated in this case with the investment of the Company in Pantac Holdco, SLU, until the Group ceases to have an interest in it.

The heading "Other" mainly consists of fixed-term deposits in banks amounting to 936 thousand euros with an approximate return of 0.78%. The remaining balance is made up of deposits and guarantees with third parties.

### *8.2 Investments in group companies and associates*

The balance of the accounts of "Short-term and long-term investments in companies" at 31 December 2019 and 31 December 2018 is as follows:

| Classes / Categories | Euros | | | | | |
|---|---|---|---|---|---|---|
| | Short-term and long-term investments in Group companies and associates | | | | | |
| | Equity instruments | | Loans to companies | | Total | |
| | Balance at 31/12/2019 | Balance at 31/12/2018 | Balance at 31/12/2019 | Balance at 31/12/2018 | Balance at 31/12/2019 | Balance at 31/12/2018 |
| Investments in group companies | 105,070,632 | 50,078,427 | - | - | 105,070,632 | 50,078,427 |
| Loans and long-term receivables | - | - | 32,396,961 | 12,770,155 | 32,396,961 | 12,770,155 |
| **Total long-term** | **105,070,632** | **50,078,427** | **32,396,961** | **12,770,155** | **137,467,593** | **62,848,582** |
| Loans and long-term receivables | - | - | 40,125,458 | 4,709,324 | 40,125,458 | 4,709,324 |
| **Total short-term** | **-** | **-** | **40,125,458** | **4,709,324** | **40,125,458** | **4,709,324** |

**Equity instruments**

Changes in 2019 and 2018 in the different "Non-current investments in group companies and associates – Equity instruments" accounts, were as follows:

**2019**

| Long term | Euros | | | | |
|---|---|---|---|---|---|
| | Balance at 31/12/2018 | Additions | Reclassifications (Note 8.1) | Retirements | Balance at 31/12/2019 |
| **Cost:** | | | | | |
| Equity instruments | 53,787,343 | 53,861,690 | 4,327,356 | (445,628) | 111,530,761 |
| **Total Cost** | **53,787,343** | **53,861,690** | **4,327,356** | **(445,628)** | **111,530,761** |
| **Impairment:** | | | | | |
| Equity instruments | (3,708,916) | (2,751,213) | - | - | (6,460,129) |
| **Total amortisation** | **(3,708,916)** | **(2,751,213)** | - | **-** | **(6,460,129)** |
| **Net:** | | | | | |
| Equity instruments | 50,078,427 | 51,110,477 | 4,327,356 | (445,628) | 105,070,632 |
| **Net balance** | **50,078,427** | **51,110,477** | **4,327,356** | **(445,628)** | **105,070,632** |

**2018**

| Long term | Euros | | |
|---|---|---|---|
| | Balance at 31/12/2017 | Additions | Balance at 31/12/2018 |
| **Cost:** | | | |
| Equity instruments | 25,393,249 | 28,394,094 | 53,787,343 |
| **Total Cost** | **25,393,249** | **28,394,094** | **53,787,343** |
| **Impairment:** | | | |
| Equity instruments | (3,703,609) | (5,307) | (3,708,916) |
| **Total amortisation** | **(3,703,609)** | **(5,307)** | **(3,708,916)** |
| **Net:** | | | |
| Equity instruments | 21,689,640 | 28,388,787 | 50,078,427 |
| **Net balance** | **21,689,640** | **28,388,787** | **50,078,427** |

In 2019 the Company made contributions to the companies, Solarpack Development Inc., Solarpack Chile, Ltda, Solarpack Asia, SDN. BHD., Solarpack Monclova, S.L, Pedroso Solar, S.L., Peñaflor Solar, S.L., Ekialde Solar Private Limited and Solarpack Colombia, SAS. The breakdown of the contributions is as follows:

| | Euros |
|---|---|
| Solarpack Development Inc. | 1,639,584 |
| Solarpack Chile, Ltda | 12,475,495 |
| Solarpack Asia, SDN. BHD | 120,000 |
| Solarpack Monclova, S.L.U | 2,560,000 |
| Pedroso Solar, S.L. | 1,755,000 |
| Peñaflor Solar, S.L. | 1,710,000 |
| Ekialde Solar Private Limited | 12,829,338 |
| Solarpack Colombia, SAS | 209,538 |
| | **33,298,955** |

The Company also set up the following companies: Solarpack Ansar, S.L., Buitre Solar, S.L., Solarpack Falcon, S.L., Solarpack Milano, S.L., Solarpack Condor, S.L., Solarpack Aguila, S.L., Solarpack Albatros, S.L., Solarpack Albatros, S.L., Solarpack Flamingo, S.L., Solarpack Proyectos Extranjeros, S.L.U. for the amount each of 3 thousand euros. And it set up the company Pantac Holdc, S.L.U for the amount of 20,136 thousand euros.

In addition, the Company entered into sales agreements with third parties for the acquisition of shares equivalent to 100% of 2 companies that own 2 solar plants of 100 kWac, located in Lebrija and Llerena, for the amount of 399 thousand euros.

None of the holdings that the Company owns are admitted to trading on any market.

The main figures of these group companies can be seen in Annex II.

**Loans to companies**

*Long term*

Long-term "Loans to companies" at 31 December 2019, includes 394 thousand euros (533 thousand euros at 31 December 2018) related to the novation of the subordinated loan granted to Solarpack Promo2007 Ciento Veintiuno, S.L. during 2011, formalised between the parties on 30 September 2015 with new conditions. The novation contract establishes a maximum amount of 1,463 thousand euros with capital amortisation within a maximum period of 17 years and 6 months. This loan bears an interest rate of Euribor + 3.5%. The contract establishes that the amount of the subordinated loan will be returned in a single payment on the maturity date, although in accordance with the conditions for its return, the company may prepay it in part or in full annually if certain conditions are met.

In 2016, the company subscribed bonds convertible into shares for 1,095 thousand euros issued by the companies Padmajiwadi Solar Pte Ltd, Renjal Solar Pte Ltd, Gummadidala Solar Pte Ltd, Thukkapur Solar Pte Ltd, Ghanpur Solar Pte Ltd and Achampet Solar Pte Ltd (78,900 thousand rupees). In 2017, the company subscribed 7,564 thousand euros (548,922 rupees). Accrued and outstanding interest at 31 December 2019 amounted to 3,502 thousand euros (280,756 thousand rupees). The balance, including interest, as of 31 December 2019 amounted to 908,577 thousand rupees, which at a closing exchange rate amounted to 11,330 thousand euros (818,537 thousand rupees equivalent to 10,270 thousand euros at 31 December 2018). These obligations have a term of 18 years, accrue an interest rate of 16.99% payable annually and are denominated in Indian rupees.

Also included is a loan granted to Ataca Solar Holdco, SpA for 1,996 thousand euros (2,172 thousand euros as of 31 December 2018), which bears an annual interest rate of 10%. According to the contract, this loan is due in the short term. However, the directors consider that they will not recover it in the short term, although they have no doubts about its long-term recovery. Based on the expected cash flows in this company, 1,996 thousand euros were recorded in the long term and 136 thousand euros in the short term at 31 December 2019 (1,899 thousand euros and 206 thousand euros in the short term at 31 December 2018).

Finally, during 2019, three subordinated loans were formalised with the companies Solarpack Monclova, S.L., Peñaflor Solar, S.L. and Pedroso Solar, S.L. for 7,726, 5,163 and 5,294 thousand euros respectively. These contracts have a duration of 21 years, and accrue an annual interest rate of 5.5%, payable biannually. In the case of non-payment of interest, they will automatically be capitalised as the higher value of the loan. At 31 December 2019, the total amount of the loans amounted to 7,929, 5,305 and 5,443 thousand euros after the capitalisation of interest for the year.

*Short term*

The heading short-term "Loans to companies" is mainly composed of lines of credit granted to subsidiaries that accrue market interest and can be seen in detail in Note 18. In addition, the Group has a short-term loan granted to the company Kabi Solar (PTY) Limited for 1,109 thousand euros (852 thousand euros at 31 December 2018). Likewise, accrued and unpaid interest associated with said lines of credit amounting to 419 thousand euros (476 thousand euros at 31 December 2018) is included in the same heading. This loan maintains an associated impairment of 1,136 thousand euros (808 thousand euros at 31 December 2018).

## *9. Information on the nature and level of risk arising from financial instruments*

### 9.1. Qualitative information

Management of the Company's financial risks is centralised in the Financial Department, which has established the necessary mechanisms to control exposure to changes in interest rates and exchange rates, as well as credit and liquidity risks. The main financial risks affecting the Company are as follows:

a) Credit risk:

The credit risk arising from cash and cash equivalents and deposits with banks and financial institutions is considered insignificant because of the credit quality of the banks with which the Company operates. In certain circumstances that determine specific credit risks of these financial institutions, appropriate provisions are provided, if necessary, to hedge these risks.

The main credit risks are in the Operation and Maintenance and Asset Management activities in Spain, since the customers of these activities are companies affected by the reduction in the remuneration to previous solar generators. However, all these customers have a stable cash flow and in their long-term non-recourse senior debt contracts it is stipulated that the payment of operating expenses takes priority over the payment of debt, precisely to keep assets operating and generating cash, so it is considered that there is no high credit risk.

b) Liquidity risk:

The Company maintains prudent liquidity risk management, maintaining sufficient cash and negotiable securities to meet all payment commitments arising from its activity.

c) Market risk:

A very significant part of the company's transactions and financing is carried out in foreign currency, mainly in US dollars, and Indian rupees. Specifically, investments in group companies and associates, as well as the financing granted to them, financial investments and part of the transactions. Consequently, the company is exposed to exchange rate risk for these transactions with currencies.

The Company's Management has established the policy that all investments and financing carried out in foreign currency be done in the functional currency of the subsidiaries.

The Company is therefore exposed to the risk of changes in the currency exchange rate in terms of the conversion of balances and transactions in foreign currency. Furthermore, the company uses derivative financial instruments (exchange rate insurance) to hedge or mitigate the risk of exchange rate fluctuations of investments in subsidiaries, associates, joint ventures and branches, whose activities are based on or carried out in a currency other than the US dollar and/or euro; at 31 December 2019 they did not have any derivative instrument contracted.

**9.2. Quantitative information**

a) Credit risk:

The Company does not have credit insurance contracts that guarantee the credit risk of its accounts receivable, although the accounts receivable are mainly composed of balances with Group companies, in which it considers that the risk is not significant.

c) Interest rate risk

The total debt with credit institutions (corresponding to the lines of credit) of the Company is referenced at a variable rate, although the directors consider that said risk is not significant.

## 10. Inventories

The breakdown of this heading of the balance sheets at 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Advances to suppliers | 147,629 | 1,586,353 |
| Merchandise (Projects in progress) | 74,183 | - |
| **Final balance** | **221,812** | **1,586,353** |

The amounts recorded as inventories correspond to the costs incurred by the company both in terms of materials and especially in personnel for the development and construction of the solar photovoltaic plants that the Group is building/developing for later sale to a third party.

The stock movements of solar plants during 2019 and 2018 are broken down as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| **Starting balance** | **1,586,353** | **103,276** |
| Change in stock of merchandise | (1,512,170) | 1,483,077 |
| **Final balance** | **74,183** | **1,586,353** |

The Company has taken out insurance policies to cover the risks of its inventories and considers that such coverage is sufficient.

Stocks of work in progress and finished products have not suffered any impairment, so it has not been necessary to provide provisions for obsolescence.

## 11. Cash and cash equivalents

The breakdown of this heading of the balance sheets at 31 December 2019 and 31 December 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Cash in hand and at banks | 2,148,594 | 81,979,699 |
| **Total** | **2,148,594** | **81,979,699** |

The carrying amounts of cash and other cash equivalents of the Group companies are denominated in the following currencies:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Euros | 1,123,860 | 81,505,453 |
| US dollars | 1,024,730 | 474,246 |
| **Total** | **2,148,594** | **81,979,699** |

## 12. Equity

### Subscribed capital

The share capital of Solarpack Corporación Tecnológica, S.A. is wholly subscribed and paid up at 31 December 2019 and 2018, and is represented by 33,253,012 shares, all with equal rights, of EUR 0.40 par value each. At 31 December 2019 and 2018, the company that directly owned more than 10% of the share capital of Solarpack Corporación Tecnológica, S.A. was Beraunberri, S.L. with a holding of 48.75%.

The IPO of Solarpack Corporación Tecnológica, S.A. took place on 5 December 2018, prior to which on 4 December the share capital was increased by creating 12,048,193 new shares, of the same class and series as previous shares outstanding, at a par value of 0.40 euros. This transaction placed the share capital at 12,819,277 euros, consisting of 32,048,193 shares each with a par value of 0.40 euros. Likewise, said capital increase was produced with a share premium of 7.90 euros for each new share, with the share premium amounting to 95,180,725 euros. All shares are fully paid up.

On 20 December 2018, the capital increase was registered in the companies register as a result of the over-allotment or greenshoe option of the coordinating banks of the IPO of the Parent Company. This transaction consisted of an increase in share capital through the creation of 1,204,819 new shares, of the same class and series as the previous ones in circulation, each with a par value of 0.40 euros. Consequently, after this increase, the share capital was fixed at 13,301,205 euros divided into 33,253,012 shares at 0.40 euros per share. Likewise, said capital increase was produced with a share premium of 7.90 euros for each new share, with said increase amounting to 9,518,070 euros and situating the share premium at 109,586,031 euros. All shares are fully paid up.

In relation to these capital increases, the Company recorded the incremental expenses associated with them (7,172 thousand euros) charged to reserves, net of its tax effect, for 5,450 thousand euros.

During the year, the Parent Company did not receive any grants or donations from its shareholders.

### Share premium

This reserve is available for free distribution

### Legal reserve

According to the Capital Companies Law, the Company must allocate a figure of 10% of the year's profit to the legal reserve until it at least reaches 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Except for the above-mentioned purpose, and provided it does not exceed 20% of the share capital, the legal reserve can only be used to offset losses, provided there are no other reserves available for this purpose.

This reserve, after the capital increase in 2018, was not fully created at 31 December 2019.

### Voluntary reserves

Corresponds to voluntary reserves, which are freely available.

**Dividends paid by the company during the year**

During 2019, no dividends were distributed, however, during 2018, dividends were distributed for the amount of 168 thousand euros.

## 13. Non-current and current payables

The breakdown of this heading of the balance sheets at 31 December 2019 and 31 December 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| **Non-current** | | |
| Other financial liabilities | 5,249,589 | 9,289,603 |
| | 5,249,589 | 9,289,603 |
| **Current** | | |
| Bank borrowings | 8,543,047 | 572 |
| Other financial liabilities | 5,297,464 | 3,110,262 |
| | 13,840,511 | 3,110,834 |
| **Total** | **19,090,100** | **12,400,437** |

The heading "Other financial liabilities" classified as non-current mainly consists of the debt with Axa Clean Energy Fund I. This debt corresponds to the balance payable derived from an agreement signed between the Company's shareholders, the original shareholders, who held 100% of the share capital, the Company itself, the rest of the shareholders with stakes in the capital of the subsidiaries Ataca Solar Holdco, Spa and Pampul Holdco, SL and the company Axa Clean Energy Fund I (ACE), by which certain agreements and commitments were adopted, including the granting of a put option on their interests in the Company, under which an ACE subsidiary had the right to sell to the Company, which will buy any new shares that were not acquired by the original shareholders in breach of their obligations. The activation of this put would take place in case of breach by the original shareholders of the obligation to repurchase the shares which would arise if certain events controlled by the company, or extremely rare, highly abnormal and very unlikely financial and/or commercial circumstances were to occur.

In June 2018, the Company initiated actions that were part of the circumstances that triggered said put, and, consequently, the Company recorded a lower share premium and reserves for the amount equivalent to the refund of contributions to the shareholder ACE Renewable Holding USD, S.A., of 26,649 shares at the rate of one euro each, amounting to 6,338 thousand dollars, equivalent to 5,437 thousand euros, and a debt with said shareholder for the aforementioned amount. The amount of said debt was set based on a valuation mechanism previously included in the initial agreement between both parties. On 9 August 2018, the Extraordinary General Meeting of Shareholders of the Parent Company agreed a dividend distribution to ACE Renewable Holding USD, S.A. of 528 thousand dollars, equivalent to 456 thousand euros, which decreased said debt.

Once the distribution of dividends was agreed, on 9 August 2018, the Extraordinary General Meeting of Shareholders of the Parent Company, in application of the mechanisms agreed with the ACE subsidiary described above, agreed to the capital reduction of 26,649 shares at one euro each, through the substantial amortisation of the shares held by ACE Renewable Holding USD, SA and the subsequent subscription of a loan with said shareholder for an amount of 5,880 thousand dollars, equivalent to 5,250 thousand euros at 31 December 2019. At 31 December 2019, other non-current and current financial liabilities were recorded in the consolidated balance sheet for amounts of approximately 5,250 and 391, respectively, including outstanding interest. That loan will be due on 15 March 2023 and will accrue an interest rate of 11%.

The effective interest rates on the balance sheet date were the usual rates in the market (reference rate plus a market spread), with there being no significant difference with respect to other companies of similar size, risk and level of indebtedness. At 31 December 2019, the book value of the financial debt did not differ significantly from its fair value. Such fair value has been calculated considering, among others, factors such as country risk, counterparty credit risk, credit rating etc. In the case of fixed rate debt, said fair value is similar to its book value since the rate applicable to such financing is similar to the market rate.

Likewise, under the heading other current financial liabilities comes the debt for the purchase of the companies formalised in 2018 for the variable payment agreed in the event that, in accordance with Spanish Electricity System Law 24/2013, the new reasonable return of these plants for 2020-2025 is above 5.184%. This amount to be received is progressive based on an increase in the final reasonable return. The maximum amount of said contingent consideration, which would be achieved if the maximum reasonable return is equal to or greater than 7.398%, would amount to 4,470 thousand euros. This contingent consideration was finally paid in 2020 by the Company to the sellers of the companies.

The heading "Other current financial liabilities" consists of a deposit of funds received from the minority shareholder of a Group company as a guarantee of bank guarantees provided by the company for the promotion of photovoltaic parks in Telangana (India).

Finally, the company has the following lines of credit (in euros):

| | Euros | | | |
|---|---|---|---|---|
| | 31 December 2019 | | 31 December 2018 | |
| | Limit | Sum Drawn down | Limit | Sum Drawn down |
| Lines of credit | 20,008,577 | 8,543,047 | 10,098,737 | - |

The maturity of the aforementioned lines is established in 2020 and subsequent years. The effective interest rate accrued at 31 December 2019 and 31 December 2018 varies between 3% and 1.35% plus a variable interest rate tied to Euribor.

## 14. Trade payables and other payables

The breakdown of this heading at 31 December 2019 and 2018 is as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Payable to Suppliers | 6,268,023 | 4,240,471 |
| Payable to suppliers - Group companies and associates | 6,898 | 6,897 |
| Other trade payables | - | 5,902 |
| Remuneration payable | 545,475 | 379,875 |
| Public entities, other (Note 15) | 526,874 | 315,454 |
| Advances from customers | - | - |
| **Total** | **7,347,270** | **4,948,599** |

The main variations of the heading are due to the increase in accounts payable to third parties due to the increase in construction in progress of the Group of which the Company is the parent, because many of the Group's procurements are concentrated in this Company.

The fair value of these amounts' payable does not differ significantly from their carrying amount.

## 15. Public administrations

The composition of the headings "Trade and other payables - Other receivables from government bodies" and "Trade and other payables - Other payables to Public Administrations" of assets and liabilities, respectively, of the balance sheet at 31 December 2019 and 31 December 2018 is as follows:

| | Euros | |
|---|---|---|
| | 31.12.2019 | 31.12.2018 |
| **Tax receivables** | | |
| VAT refundable | 1,286 | 682,679 |
| Corporate Withholding Tax | 52,530 | 20,177 |
| | **53,816** | **702,856** |
| **Tax payables** | | |
| Tax payables for income tax | 145,902 | 275,801 |
| Social Security taxes payable | 56,522 | 39,653 |
| Tax payables for VAT | 319,669 | - |
| Other | 4,781 | - |
| | **526,874** | **315,454** |

## 16. Deferred tax

The breakdown of this heading of the balance sheets at 31 December 2019 and 31 December 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| **Deferred tax assets** | | |
| Temporary differences | 646,699 | 205,425 |
| Credit for tax losses | 3,610,130 | 2,625,479 |
| Credits for tax deductions | 717,752 | 328,673 |
| | **4,974,580** | **3,159,577** |
| **Deferred tax liabilities** | | |
| Temporary differences | 123,936 | 123,936 |
| | **123,936** | **123,936** |

The net movement in the deferred tax asset account was as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| **Starting balance** | **3,159,577** | **1,248,656** |
| (Charge) / credit to the income statement | 1,815,040 | 189,814 |
| Transfers and other movements | - | 1,721,107 |
| **Final balance** | **4,974,580** | **3,159,577** |

The net movement in the deferred tax liability account was as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| **Starting balance** | 123,936 | 206,763 |
| Updating of tax rate | - | - |
| (Charge) / credit to the income statement | - | (102,662) |
| Transfers and other movements | - | 19,835 |
| **Final balance** | **123,936** | **123,936** |

Deferred tax assets for tax loss or tax credit carryforwards are recognised to the extent that such losses and tax credits are likely to be realised through the availability of future taxable profits.

Tax losses and deductions generated in the tax group have a statute-of-limitations period of 15 years from the year of generation; however, for those generated prior to 1 January 2014 the limitation period will commence from that date.

**Years yet to be checked and inspection actions**

Under current legislation, taxes cannot be considered to be definitively settled until the presented tax returns have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. At the end of 2019, the Company had 2013 and subsequent years open to review for Corporation Tax, and the last four years for other applicable taxes.

The Company’s directors consider that the aforementioned taxes have been settled correctly and that, therefore, even if discrepancies arose with respect to its interpretation of current legislation in its tax treatment of transactions, any potential liabilities, should they arise, would not have a material effect on the financial statements at 31 December 2019.

## 17. Income tax

The parent company files consolidated tax returns in the historical territory of Vizcaya, being the parent company of that tax group, with the subsidiaries listed below:

- Acrux Uno S.L.U.
- Antlia Dos, S.L.U.
- Andromeda Veintiséis, S.L.U.
- Cruz del Sur Cuarentainueve, S.L.U.
- Orión Setentaicuatro, S.L.U.
- Solarpack Promo2007 Treintaitres, S.L.U.
- Solarpack Promo2007 Treintaicinco, S.L.U.
- Solarpack Promo2007 Cincuentaisiete, S.L.U.
- Solarpack Promo2007 Sesentaitres, S.L.U.
- Solarpack Promo2007 Setentaidos, S.L.U.
- Solarpack Promo2007 Ochentaidos, S.L.U.
- Solarpack Monclova, S.L.
- Spk. Alvarado, S.L.
- Pedroso Solar, S.L.

The reconciliation of accounting profit/loss with taxable corporation tax is as follows:

| | Increases | Decreases | Total |
|---|---|---|---|
| Profit after tax | | | 15,820,032 |
| Corporation Tax | | | 397,138 |
| Permanent differences: | | | |
| Income from exempt fees | - | (954,237) | (954,237) |
| Dividends of more than 5% | - | (12,501,631) | (12,501,631) |
| Temporary differences: | - | (3,621,772) | (3,621,772) |
| Arising in the year- | | | |
| Impaired credit | | | |
| Arising in previous years- | | | |
| Long-term remuneration to staff | 3,052,953 | - | 3,052,953 |
| Impairment losses on credit and shares | 2,888,401 | - | 2,888,401 |
| | | | **5,080,884** |

The reconciliation of accounting profit/loss with taxable corporation tax is as follows:

| | Euros | |
|---|---|---|
| | 2019 | 2018 |
| Accounting income before tax | 15,422,894 | (695,360) |
| Permanent differences | (17,077,639) | (7,879,194) |
| Amount 24% | (397,139) | (2,057,893) |
| Impact expenses against reserves | - | 1,721,107 |
| Other movements resulting from tax consolidation | - | 44,310 |
| **Total expense (income) for tax recognised in the income statement** | **(397,139)** | **(292,476)** |

The applicable legislation for the settlement of Corporation Tax for 2019 of the Parent Company is that corresponding to Provincial Law 11/2013, of 5 December, of the Regional Territory of Vizcaya.

In the Historical Territory of Vizcaya, the General Meetings approved in March 2018 a modification of the Provincial Law on Corporation Tax taking effect for the years beginning from 1 January 2018, with the most relevant changes being as follows:

- A quantitative limit is established for the compensation of tax losses at 50% of the tax base, although the compensation term is extended to 30 years (until now 15 years). These limitations will be applicable from 2018, even on tax losses yet to be applied generated in years prior to the entry into force of the Reform. Likewise, limitation is introduced in the application of deductions in general and also for the deduction of R&D&I, increasing the term for its application to 30 years.
- The tax rate is to be reduced from 28% to 24%, with a rate of 26% applicable temporarily in 2018.

- The obligation to make an advance payment of 5% of the tax base of the previous year is introduced.
- The minimum payment is increased from 13% to 17% on the tax base (15% temporarily in 2018).
- Limitation on the deductibility of financial expenses, being deductible in any case up to 3 million euros.

## 18. Related party transactions and balances

**Balances at 31 December 2019 and 31 December 2018**

The main balances that the Company had with its related parties at 31 December 2019 and 31 December 2018, as well as transactions carried out during those periods, are described below (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Balances: | | |
| Accounts receivable from related parties | 2,253,138 | 2,124,851 |
| Accounts payable to related parties | 6,898 | 6,897 |

Accounts receivable from/payable to related parties include the balances for trade payables resulting from transactions carried out during the period.

The Company also has signed the following financing agreements with certain related companies:

| | Euros | | | |
|---|---|---|---|---|
| | Receivable balances | | Payable balances | |
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| ***Long term*** | | | | |
| Padmajiwadi Solar Pte. Ltd. | 1,410,186 | 1,278,244 | - | - |
| Renjal Solar Pte. Ltd. | 2,106,561 | 1,909,418 | - | - |
| Gummadidala Solar Pte. Ltd. | 2,136,790 | 1,937,281 | - | - |
| Thukkapur Solar Pte. Ltd. | 2,135,449 | 1,936,716 | - | - |
| Achampet Solar Pte. Ltd. | 1,408,778 | 1,276,561 | - | - |
| Ghanpur Solar Pte. Ltd. | 2,131,813 | 1,932,223 | - | - |
| Solarpack Promo2007 Ciento Veintiuno, S.L. | 393,684 | 533,436 | - | - |
| Solarpack Monclova, S.L. | 7,928,954 | - | - | - |
| Pedroso Solar, S.L. | 5,443,239 | - | - | - |
| Peñaflor Solar, S.L. | 5,305,734 | - | - | - |
| Tax owed (**) | - | - | 2,832,682 | 1,807,139 |
| Ataca Solar Holdco, SpA | 1,995,773 | 1,966,276 | - | - |
| **Total long-term** | **32,396,961** | **12,770,155** | **2,832,682** | **1,807,139** |
| ***Short term*** | | | | |
| Solarpack Development Inc. | (3,375) | 274,593 | - | - |
| Solarpack Chile, S.L. | 27,513,155 | 2,498,951 | - | - |
| Kabi Solar Energy Limited (*) | 392,283 | 314,650 | - | - |
| Solarges Perú, S.L. | 19,184 | 19,184 | - | - |
| Solarpack Uruguay, S.A. | 380,700 | 736,863 | - | - |
| Ataca Solar Holdco, SpA | 135,675 | 206,125 | - | - |
| Spk Energia Renovables Mexico 1. S.A de C.V. | 58,147 | 49,432 | - | - |
| SPVs Indias | 292,721 | 37,919 | - | - |
| Itok Solar Incorporated, S.L. | (45) | (45) | - | - |
| Ekialde Solar Pte. Ltd. | - | 933 | - | - |
| Sol de Alvarado, S.L. | - | 23,978 | - | - |
| Solarpack Colombia, S.A.S. | 134,615 | 321,077 | - | - |
| Solarpack Asia SDN. BHD. | 184,305 | 58,708 | - | - |
| Solarpack Promo2007 Ciento Veintiuno, S.L. | 149,323 | 165,865 | - | - |
| Solarpack Ingeniería, S.L.U. | 5,049,596 | - | 8,653 | 151,610 |
| Solarpack India | 4,575,850 | - | - | - |
| Solarpack Perú, SAS | 411,666 | - | 124 | 124 |
| Solarpack Monclova, S.L. | - | (17) | - | - |
| Peñaflor Solar, S.L. | 8,124 | 1,100 | - | - |
| Fundación EKI | 941 | 8 | - | - |
| Pantac Holdco, S.LU | 1,114 | - | - | - |
| Solarpack Proyecto en el extranjero, S.L.U | 20,187 | - | - | - |
| Spk Services Singapore Pte. Ltd. | - | - | 145,484 | 200,645 |
| Tacna Solar and Panamericana Solar (Note 8.1) | 801,292 | - | - | - |
| **Total short-term** | **40,125,458** | **4,709,324** | **154,261** | **352,379** |
| **Total** | **72,522,419** | **17,479,479** | **2,986,943** | **2,159,518** |

(*) It is presented net of the impairment recorded for the amount of 1,136 thousand euros (808 thousand euros at 31 December 2018), and includes outstanding interest (Note 8.2).

(**) This is tax owed to group companies who make up the tax group.

**Transactions during 2019 and 2018**

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Transactions performed: | | |
| Sales | 60,437,110 | - |
| Services rendered | 3,271,456 | 1,241,511 |
| Share dividends | 13,107,631 | 650,358 |
| Revenue from loans granted | 2,899,259 | 1,777,874 |
| Financial expenses | 25,165 | 12,545 |

## 19. Operating income and expenses

### *19.1 Net revenues*

The breakdown of net revenues for the years ended 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Sales of equipment and development | 64,173,096 | - |
| Dividends | 13,107,631 | 650,358 |
| Revenue from loans (Note 18) | 2,899,259 | 1,777,874 |
| Services rendered | 3,965,277 | 3,244,438 |
| Gains from disposal of holdings in Group companies | 3,621,772 | - |
| **Net Revenues** | **87,767,035** | **5,672,670** |

During the year, there were revenues from development contracts with third parties and related parties amounting to 5,973 thousand euros (2,237 and 3,734 respectively), as well as sales of equipment to Group companies for the construction of parks in Spain and Chile for 58,202 thousand euros.

Also, during the year, there was the sale of two companies located in Spain, for which a profit of 3,622 thousand euros was obtained.

Of the revenues, the amounts invoiced in currencies other than the euro reflected in euros are as follows.

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Rupees | 1,346,704 | 1,308,242 |
| US dollars | 72,660,557 | 2,585,283 |
| Others | 141,915 | 188,450 |
| **Total** | **74,149,176** | **4,081,975** |

### *19.2 Other operating income*

The breakdown of this heading on the income statements for the years ended 31 December 2019 and 2018 is as follows:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Non-trading and other operating income | 57,982 | 56,275 |
| Operating subsidies included in income | - | 46,711 |
| **Total** | **57,982** | **102,986** |

***19.3 Procurements***

The balance of the "Procurements" accounts for 2019 and 2018 is as follows:

| | Euros | |
|---|---|---|
| | 2019 | 2018 |
| Outsourced work | 54,630,216 | 852,487 |
| Changes in stock | 1,512,170 | (1,483,077) |
| | **56,142,386** | **(630,590)** |

***19.4 Personnel expenses***

The breakdown of this balance on the income statements for the years ended 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Wages and salaries | 5,937,475 | 2,688,585 |
| Social security expenditure | 488,357 | 392,698 |
| **Total** | **6,425,832** | **3,081,283** |

At the Board of Directors meeting on 9 November 2018, it was agreed to approve the three-year incentive scheme (establishing its measurement period between 1 January 2018 and 31 December 2020) for the Executive Committee, with certain employees appointed by the Chairman and the CEO, although the formalisation of its objectives, as well as the formalisation of the contracts with the affected employees, did not occur until January and March 2019, respectively. An amount to be assigned to each beneficiary was established individually in this plan as a result of multiplying their average gross fixed salary for 2018-2020 by a percentage, which depends on their level of responsibility in the organisation. Additionally, the following objectives were established for the evaluation of the plan:

The amount of the variable remuneration was set at the equivalent of the result of multiplying their average gross fixed salary for 2018-2020 by a percentage, which depends on their level of responsibility in the organisation, and a set of objectives dependent on:

- EBITDA generated by the "Development and Construction" division

- The cash generated during the period by the "Power Generation" and "Services" division

- The existing backlog at 31 December 2020

The bonus set based on the degree of achievement of the above objectives, and considering the formula established in the agreement with each of the directors, may be increased or reduced by the same proportion as that resulting from dividing the average price of the share of the Company in the last quarter of 2020 and the value of the share on the date of the beginning of its listing on the stock exchange in December 2018 (8.3 euros per share).

Said plan has been valued considering an option valuation method, widely used in financial practice.

At 31 December 2019, the valuation of said plan was 4,579 thousand euros having recorded a personnel expense of 3,053 thousand euros charged to "Non-current liabilities - Long-term obligations with staff", given that this amount will not be settled until 31 March 2021, with a necessary condition for its payment collection being remaining in the company until said date.

The average number of people employed during the years ended 31 December 2019 and 2018, detailed by categories, was as follows:

| Category | 31 December 2019 | 31 December 2018 |
|---|---|---|
| Other management personnel (*) | 9 | 9 |
| Technical professionals and similar | 13 | 16 |
| Administrative service personnel and similar | 25 | 15 |
| **Total** | 48 | **40** |

(*) One of the members of the Board of Directors of the company is also an executive of the Group.

The average number of employees at 31 December 2019 and 31 December 2018, by categories and sex, was as follows:

| | 31 December 2019 | | | 31 December 2018 | | |
|---|---|---|---|---|---|---|
| | Men | Women | Total | Men | Women | Total |
| Other management personnel (*) | 7 | 3 | 10 | 7 | 3 | 10 |
| Technical professionals and similar | 19 | 4 | 23 | 12 | 4 | 16 |
| Administrative service personnel and similar | 3 | 13 | 16 | 5 | 10 | 15 |
| **Total** | **29** | **20** | **49** | **24** | **17** | **41** |

(*) One of the members of the Board of Directors of the company is also an executive of the Group.

In 2018, the definition of management personnel was modified, considering the members of the Executive Committee and all staff directly dependent on the CEO as such.

### *19.5 Other operating expenses*

The breakdown of this balance on the income statements for the years ended 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Leases and charges | 762,263 | 362,122 |
| Repair and maintenance | 15,372 | 6,604 |
| Independent professional services | 1,878,309 | 1,150,489 |
| Insurance premiums | 236,218 | 80,408 |
| Bank charges | 608,374 | 287,386 |
| Advertising, publicity and public relations | 84,677 | 103,831 |
| Supplies | 7,313 | 3,365 |
| Other services | 705,801 | 566,453 |
| Taxes | 2,667,636 | 58,354 |
| **Total** | **6,965,963** | **2,619,012** |

The increase in "Other operating expenses - Taxes" is due to expenses for licenses and fees that the Company has had to assume in order to implement the Development projects carried out in Spain for an amount of 2,010 thousand euros (Note 19.1).

## 20. Financial income, financial expenses and exchange-rate differences

The breakdown of financial income and expenses for the years ended 31 December 2019 and 2018 is as follows (in euros):

| | Euros | |
|---|---|---|
| | 31/12/2019 | 31/12/2018 |

| | | |
|---|---:|---:|
| **Financial expenses** | | |
| *On debts to related companies (Note 18)* | 25,165 | 12,545 |
| *On debts to third-parties-* | | |
| Interest on loans with lending institutions | 346,131 | 27,638 |
| Other financial expenses | 582,549 | 227,307 |
| | **953,845** | **267,490** |
| **Financial income** | | |
| *Marketable securities and other financial instruments-* | | |
| Interest on loans to related parties (Note 18) | 29,575 | 10,957 |
| Other financial income | 2,916 | 10,237 |
| | **32,491** | **21,194** |

The heading "other financial expenses" corresponds mainly to the financial expenses derived from the debt held with the Axa Clean Energy Fund I subsidiary for the transaction carried out in accordance with Note 13. Likewise, expenses derived from the use during the year of the lines of credit formalised with different financial institutions are recorded.

In addition, the heading "Other marketable securities income and other financial instruments - Interest on loans with other related parties" corresponds to interest income generated by the financing agreements granted and recorded under the heading "Non-current financial investments". Furthermore, the heading "Other marketable securities income and other financial instruments - Other financial income" corresponds mostly to interest generated by short-term deposits.

Exchange-rate differences

The breakdown of exchange-rate differences for the years ended 31 December 2019 and 2018 is as follows:

| | Euros | |
|---|---:|---:|
| | 31 December 2019 | 31 December 2018 |
| US Dollars | 1,363,000 | 190,115 |
| Indian rupees | (55,193) | (394,129) |
| South African Rand | 38,510 | (106,664) |
| Malaysian ringgit | 1,713 | (2,114) |
| **TOTAL** | **1,348,030** | **(312,792)** |

## 21. Remuneration to the Board and senior management

### Remuneration to members of the Board of Directors

During 2019, 250 thousand euros (292 thousand euros for the year ended on 31 December 2018) was paid as remuneration to the members of the Board of Directors of the Parent Company and related companies, for the performance of executive duties. This remuneration is included in point 19.4. No loans or other social benefits were granted. Additionally, a long-term variable of 943 thousand euros was paid.

In addition, during 2019, a total remuneration of 319 thousand euros was paid for the performance of their duties by the directors of the parent company (162 thousand euros in the year ended 31 December 2018).

The Board of Directors of the Parent Company only considers as senior management those members actually on the Board, not considering that there might exist additional senior management personnel to these people.

### Remuneration to management personnel

The remuneration paid to management personnel, apart from that of the CEO which is included in the above section, was:

| | Euros | |
|---|---|---|
| | 31 December 2019 | 31 December 2018 |
| Fixed remuneration | 763,728 | 911,490 |
| Variable remuneration | 130,322 | 330,792 |
| Expatriation allowances | 43,096 | 86,204 |
| Subsistence allowance | 11,200 | - |
| Long-term variable | 1,657,382 | - |
| IPO bonus | - | 120,000 |
| **Total** | **2,605,728** | **1,448,486** |

The Board of Directors of the Parent Company only considers members of the executive committee as management personnel.

### 24.4 Information regarding situations of conflict of interest by the Directors (article 229 of the Capital Companies Law)

To avoid situations of conflict of interest in the Parent Company, in 2019 those directors who held positions on the Board of Directors fulfilled the obligations set forth in article 229 of the consolidated text of the Capital Companies Law. Likewise, both the directors and persons related to them refrained from incurring in the situations of conflict of interest provided for in article 229 of said regulation, with no possible conflict of interest, direct or indirect, having been communicated during the period for its consideration by the Board of Directors of the Company.

## 22. Joint Ventures (UTEs)

The Company participates in various joint ventures, created to undertake the construction of certain photovoltaic solar plants abroad. The quantitative contribution of these companies is as follows:

**2019**

| | Euros | | | |
|---|---|---|---|---|
| Category | Assets | Liabilities | Capital and reserves | Profit or loss for the year |
| UTE Tacna Solar | 2,400 | - | 2,400 | - |
| UTE Panamericana Solar | 2,400 | - | 2,400 | - |
| UTE Chile Solar 2 | 8,000 | - | 8,000 | - |
| UTE Proyecto PMGD | 72,993 | 2 | 93,558 | - |
| **Total** | **85,793** | **2** | **98,509** | - |

**2018**

| | Euros | | | |
|---|---|---|---|---|
| Category | Assets | Liabilities | Capital and reserves | Profit or loss for the year |
| UTE Tacna Solar | 2,400 | - | 2,400 | - |
| UTE Panamericana Solar | 2,400 | - | 2,400 | - |
| UTE Chile Solar 2 | 8,000 | - | 8,000 | - |
| UTE Proyecto PMGD | 72,993 | 2 | 72,991 | 20,567 |
| **Total** | **85,793** | **2** | **77,942** | **20,567** |

## 23. Other disclosures

### *23.1. Information on the environment*

Capital outlays associated with environmental protection are charged to income, in the period in which they are incurred. Infrastructure work investments designed to meet environmental requirements are activated according to the general accounting criteria for property, plant and equipment.

For that purpose, it should be pointed out that at 31 December 2019 and 31 December 2018 the Company did not have any responsibilities, expenses, assets, provisions or environmental contingencies that could be material in relation to its net worth, financial situation and results.

### *23.2 Financial structure*

As mentioned in Note 1, the Company is the parent company of Grupo Solarpack Corporación Tecnológica, S.A. and subsidiaries. The financing of the transactions of the group has managed to achieve an adequate balance between own and third-party resources. The financial structure of the company is managed in coordination with the rest of the Group companies.

### *23.3 Information on average payment period to suppliers*

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

| | Days | |
|---|---|---|
| | 2019 | 2018 |
| Average payment period to suppliers | 52 | 31 |
| Ratio of paid transactions | 53 | 21 |
| Ratio of outstanding payment transactions | 9 | 25 |

| | Euros | |
|---|---|---|
| | 2019 | 2018 |
| Total payments made | 43,730,677 | 6,823,612 |
| Total outstanding payments | 1,350,488 | 2,874,953 |

In accordance with the ICAC Resolution, to calculate the average payment period to suppliers, commercial transactions corresponding to the delivery of goods or services accrued since the date of entry into force of Law 31/2014 of 3 December have been taken into account.

For the sole purpose of giving the information provided for in this Resolution, suppliers are considered to be trade payables on debts with suppliers of goods or services, included in the "Suppliers" and "Other trade payables" items of the current liabilities of the balance sheet.

"Average payment period to suppliers" is understood as the period that starts from the delivery of the goods or the provision of the services by the supplier and the actual payment of the transaction.

### *23.4 Audit fees*

During 2019 and 2018, fees for account auditing services and other services provided by the Group's individual and consolidated account auditors (Deloitte, S.L. for 2019 and 2018) and by companies belonging to the same network were as follows (in euros):

| | Services provided by the lead auditor (thousands of euros) | |
|---|---|---|
| Description | 2019 | 2018 |
| Audit Services | 175 | 226 |
| Other Verification Services | - | 494 |

| | | |
|---|---|---|
| **Total Audit and Related Services** | **175** | **720** |
| Tax advisory services | 24 | 15 |
| Other Services | - | 15 |
| **Total Professional Services** | **199** | **750** |

### *23.5 Collateral and guarantees*

The Group has granted guarantees or surety bonds as a guarantee for works or services provided to customers and trade guarantees for the approximate amount of 31,595 thousand euros at 31 December 2019 (28,222 thousand euros at 31 December 2018).

These guarantees issued through different entities are presented as a commitment, mainly for the proper performance of the contracts, the coverage of guarantee periods and the support of bids or tenders. Failure to comply with these commitments would entail the execution of said guarantees with a cash outflow whose possibility is considered remote.

## 24. Subsequent events

There have been no significant subsequent events after year-end closing at 31 December 2019 that could affect these financial statements.

## ANNEX I: LIST OF SUBSIDIARIES AND ASSOCIATES

| Company Name | Parent company | Business Activity | Address | % Effective Shareholding in Solarpack Corporación Direct | Indirect |
|---|---|---|---|---|---|
| Acrux Uno, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Antia Dos, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Andromeda Veintiseis, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Cruz del Sur Cuarentainueve, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Orion Setentaicuatro, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Treintaitres, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Treintaicinco, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Trentaisiete, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Sesentaitres, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Setentaisiete, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo 2006 Tres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo 2006 Cinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Alaraph Seis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Aldebaran Siete, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Alderamin Ocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Alkihiba Quince, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Alparhd Dieciocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Alphecca Diecinueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Alrami Veintiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Alruccabah Veintidos, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Alsah Veintitres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Altair Veinticuatro, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Anca Veinticinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Arcturus Veintinueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Ariteis Treintaiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Ballena Treintaicuatro, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Canoplus Cuarenta, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Castor Cuarentaidos, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Cisne Cuarentaitres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |

| | | | | |
|---|---|---|---|---|
| Corona Boreal Cuarentaiocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Dubhe Cincuentraicuatro, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Hidra Sesentaitres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Lepus Sesentaisiete, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Osa Mayor Setentaicinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Peacock Setentainueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Pegaso Ochenta, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Perseo Ochentaiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Phaet Ochentaitres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Cadiñamos M.G. Ochentaiseis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Sartan Ochentainueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Cadiñamos M.G. Noventaiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Triangulum Noventaicinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Coluche Noventaiseis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Tres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Cuatro, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Cinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Seis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Siete, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Ocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Nueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Doce, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Catorce, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Quince, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Dieciseis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Diecisiete, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Dieciocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Diecinueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Veinte, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Veintiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |

| | | | | |
|---|---|---|---|---|
| Solarpack Promo2007 Veintidos, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Veintitres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Veintiseis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Veintiocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Treinta, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Treintaiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Treintaidos, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Treintaiseis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Treintaisiete, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Treintaiocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Treintainueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Cuarenta, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Cuarentaiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Cuarentaidos, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Cuarentaitres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Cuarentaicuatro, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Cuarentaicinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Cuarentaiseis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Cincuentaiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Cincuentaitres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Cincuentaicuatro, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Cincuentaicinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Cincuentaiseis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |
| Solarpack Promo2007 Cincuentainueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% |

| | | | | | |
|---|---|---|---|---|---|
| Solarpack Promo2007 Sesentaicinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Sesentaiseis, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Sesentaisiete, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Sesentaiocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Sesentainueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Setentaiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Setentaitres, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Setentaicuatro, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Setentaicinco, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Setentaisiete, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Setentaiocho, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Setentainueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Ochenta, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Cientodicecinueve, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Promo2007 Cientoveinte, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda Algorta 16 Getxo, Vizcaya | 100% | |
| Solarpack Ingeniería, S.L.U. | Solarpack Corporación Tecnológica, S.A. | Design, Promotion and Construction of installations for the production of electricity | Avda. Astronomía, 1 Torre 1, 9º módulo 5, Seville | 100% | |
| Solarpack Perú, S.A.C. | Solarpack Corporación Tecnológica, S.A. | Design, Promotion and Construct. Maintenance of facilities for power generation plants | Avda. Manuel Olgui, 335 of 905 Urb. Monterrico Chico, Lima | 100% | |
| Solarpack Uruguay, S.A. | Solarpack Corporación Tecnológica, S.A. | Design, Promotion and Construct. Maintenance of facilities for power generation plants | Hermano Damasceno 1678 Bis-Montevideo | 100% | |
| Solarpack Asia SDN. BHD. | Solarpack Corporación Tecnológica, S.A. | Design, Promotion and Construct. Maintenance of facilities for power generation plants | 8-1 & 8-2, Level 8, Menara CIMB, No.1, jalan Stesen Sentral 2, Kuala Lumpur Sentra 50470 Kuala Lumpur | 100% | |
| Spk Services Singapore Pte. Ltd. | Solarpack Corporación Tecnológica, S.A. | Development of renewable energy projects | Wallich Street, 14-01, Guoco Tower, Singapore 078881 | 95% | |
| Solarpack India LLP. | Solarpack Corporación Tecnológica, S.A. | Promotion, development and construction of solar photovoltaic plants | First Floor, Southern Park, D 2 District Centre, Saket, New Delhi, South Delhi, 110017, Delhi, India | 99.99% | - |
| Padmajiwadi Solar Pte. Ltd. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | 4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India | 82.64% | - |
| Renjal Solar Pte. Ltd. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | 4th Floor, Rectangle One, D-4, Dist. | 82.62% | - |

| | | | | | |
|---|---|---|---|---|---|
| | | | Center, Saket, New Delhi-110017, India | | |
| Gummadidala Solar Pte. Ltd. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | 4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India | 82.66% | - |
| Ghanpur Solar Pte. Ltd. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | 4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India | 82.66% | - |
| Thukkapur Solar Pte. Ltd. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | 4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India | 82.66% | - |
| Achampet Solar Pte. Ltd. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | 4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India | 82.64% | - |
| Solarpack Chile, Ltda. | Solarpack Corporación Tecnológica, S.A. | Design, Promotion and Construct. of facilities for power generation plants | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | 100% | - |
| Arica Solar 1 S.A. | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 100% |
| Amunche Solar SpA | Solarpack Chile, Ltda. | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 100% |
| María Elena Solar | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 100% |
| PMGD Holdco, Spa | Solarpack Chile, Ltda | Securities holding | Avenida Algorta 16, 3º Getxo, Vizcaya | - | 80% |
| PMGD Holdco Chile, Spa | PMGD Holdco, S.L. | Securities holding | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 80% |
| Pozo Almonte Solar 1, Spa | PMGD Holdco, S.L. | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 80% |
| Calama Solar 1, Spa | PMGD Holdco, S.L. | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 80% |
| Calama Solar 2, Spa | PMGD Holdco, S.L. | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 80% |
| Solarpack Development, Inc. (1) | Solarpack Corporación Tecnológica, S.A. | Development and management of PV projects | 3730 Mt. Diablo Boulevard, Suite 120 Lafayette, CA 94549 USA | 100% | - |
| Solarpack Colombia, SAS | Solarpack Corporación Tecnológica, S.A. | The study, research, development and provision of all kinds of advisory, assistance and technical management services in the field of renewable energy | Bogotá D.C. | 100% | - |
| SPK Energías Renovables México 1 SA de CV | Solarpack Corporación Tecnológica, S.A. | Design, Promotion and Construction of installations for the production of electricity | Ángel Urraza Nº 314 del Valle Benito Juarez, México, C.P. 03100 Distrito Federal, Mexico | 100% | - |
| Solarpack Monclova, S.L. (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| Peñaflor Solar, S.L.U. (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| Pedroso Solar, S.L.U. (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| Sol De Alvarado, S.L.U. (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |

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|---|---|---|---|---|---|
| Ekialde Solar Private Limited | Solarpack Corporación Tecnológica, S.A. | Promotion, development and construction of solar photovoltaic plants | 4th Floor, Rectangle One District Centre Saket New Delhi, Delhi | 100% | - |
| Eureka Energías Renovables, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| Suvan Solar SpA | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | 100% | - |
| Apolo Solar SpA | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | 100% | - |
| Astro Solar SpA | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | 100% | - |
| Cuenca Solar SpA | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | | 100% | - |
| Yala Solar Private Limited | Ekialde Solar Private Limited | Operation of PV farms | First Floor, Southern Park, D-2 District Centre, Saket, Delhi | - | 100% |
| Alpur Solar Private Limited | Ekialde Solar Private Limited | Operation of PV farms | First Floor, Southern Park, D-2 District Centre, Saket, Delhi | - | 100% |
| Nanj Solar Private Limited | Ekialde Solar Private Limited | Operation of PV farms | First Floor, Southern Park, D-2 District Centre, Saket, Delhi | - | 100% |
| Ekialde Sun Solar Private Limited | Ekialde Solar Private Limited | Operation of PV farms | 4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India | - | 100% |
| Holen Solar Private Limited | Ekialde Solar Private Limited | Operation of PV farms | First Floor, Southern Park, D-2 District Centre, Saket, Delhi | - | 100% |
| Diego Almagro Solar 2 S.A. | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 100% |
| Diego Almagro Solar 3 S.A. | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 100% |
| Taltal Solar S.A. | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 100% |
| Tamarugal Solar 1 S.A. | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 100% |
| Ataca Solar Holdco SpA (4) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | 19% | - |
| Calama Solar 3, S.A. | Solarpack Chile, Ltda | Operation of PV farms | Estoril 50 – Of. 1013 Las Condes, Santiago, Chile | - | 19% |
| Pozo Almonte Solar 2, S.A. | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 19% |
| Pozo Almonte Solar 3, S.A. | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | - | 19% |
| Pampul Holdco, S.L. (5) | Solarpack Corporación Tecnológica, S.A. | Securities holding | Avda. Algorta, 16, 3º Getxo, Vizcaya | 19% | - |
| Moquegua FV, SAC | Pampul Holdco, S.L. | Operation of PV farms | Jr. Huáscar 205, Jesús María, Lima, Peru | - | 19% |
| Solarpack Promo 2007 Ciento Veintiuno, S.L. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda. Algorta, 16, 3º Getxo, Vizcaya | 96.5% | - |
| Kabi Energy Limited | Solarpack Corporación Tecnológica, S.A. | Promotion of electricity production plants | 21 7th Avenue, Parktown North 2193, Johannesburg | 60% | - |

| | | | | | |
|---|---|---|---|---|---|
| Solarpack, SARL | Solarpack Corporación Tecnológica, S.A. | Development and management of PV projects | 62, Avenue du 8 mai 1945, 64100 Bayonne | 100% | - |
| Gestión Solar Perú, S.A.C. | Solarpack Perú, S.A.C., | Development, management and business, project and company administration linked to the production and generation of renewable energy | Av. El Derbi nº250 Dpto 1201 Urb el Derbi Santiago de Surco, Lima | - | 50% |
| Solargés Perú, S.L. | Solarpack Corporación Tecnológica, S.A. | Development of renewable energy projects, mainly photovoltaic solar energy | C/ Ombú 3, 2ª Planta, Madrid | 50% | - |
| Energía Regional, S.A. de C.V. | Solarpack Corporación Tecnológica, S.A. | Production, generation and marketing of energy | Departamento de San Salvador | 90% | - |
| Tricahue Solar, SpA. | Solarpack Chile, Ltda | Development of renewable energy projects | Av. Vitacura 2939 Oficina 2701 | - | 100% |
| Los Libertadores Solar, SpA. | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avda, Vitacura nº2909 oficina nº306 Ciudad de Santiago (Chile) | 20% | 80% |
| Granja Solar Holdco SPA (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| SPK Ansar S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| Buitre Solar S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| SKP Falcon S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| SKP Milano S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| SKP condor S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| SKP aguila S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| SKP albatros S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| SKP flamingo S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| Pantac Holdco S.L.U (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| Solarpack Proyectos Extranjeros, S.L.U. (1) | Solarpack Corporación Tecnológica, S.A. | Engineering Services | Avda. Astronomía, 1 Torre 1, 9º módulo 5, Seville | 100% | - |
| Abra Solar, SpA. (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| Aiboa Solar, SpA. (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| Ayala Solar, SpA (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| Yumbrel Solar, SpA (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |
| Joya Solar, SpA. (1) | Solarpack Perú, S.A.C. | Operation of PV farms | Av. El Derbi nº250 Dpto 1201 Urb el Derbi Santiago de Surco, Lima | 100% | - |
| Solar Pack Unipessoal LDA (1) | Solarpack Corporación Tecnológica, S.A. | Design, Promotion and Construction of installations for the production of electricity | Rua Joao Penha 10 Lisbon, Portugal | 100% | - |
| Tacna Solar, S.A.C. (1) | Pantac Holdco, S.L.U. | Operation of PV farms | Av. El Derbi nº250 Dpto 1201 Urb el Derbi Santiago de Surco, Lima | - | 100% |
| Panamericana Solar, S.A.C. (1) | Pantac Holdco, S.L.U. | Operation of PV farms | Av. El Derbi nº250 Dpto 1201 Urb el Derbi Santiago de Surco, Lima | - | 100% |
| Tamarugal Solar, SpA (1) | Solarpack Chile, Ltda | Operation of PV farms | Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile | 100% | - |
| Solarpack Promo2007 | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |

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|---|---|---|---|---|---|
| Veinticinco, S.L. (1) | | | | | |
| Solarpack Promo2006 Noventa y siete, S.L. (1) | Solarpack Corporación Tecnológica, S.A. | Operation of PV farms | Avenida Algorta 16, 3º Getxo, Vizcaya | 100% | - |

(1) Companies incorporated to the perimeter in 2019.
(2) Parent company of the investee companies listed below in the table (located in Chile).
(3) (4) Parent company of the investee companies listed below in the table (located in Chile).
(5) Parent company of the investee company listed shown below in the Annex (located in Peru).

## ANNEX II: LIST OF SUBSIDIARIES AND ASSOCIATES

**2019**

| | % effective shareholding | Net investment (euros) | Euros | | | |
|---|---|---|---|---|---|---|
| | | | Capital | Reserves | Profit or loss for the year | Other |
| Acrux Uno, S.L.U. | 100% | 70,163 | 218,000 | 876,305 | 32,076 | - |
| Antia Dos, S.L | 100% | 43,410 | 80,920 | 753,834 | 25,384 | - |
| Andromeda Veintiseis, S.L.U. | 100% | 75,448 | 218,000 | 868,677 | 31,490 | - |
| Cruz Del Sur Cuarentainueve, S.L.U. | 100% | 74,942 | 218,000 | 883,008 | 29,900 | - |
| Orion Setentaicuatro, S.L | 100% | 44,610 | 80,920 | 749,149 | 25,312 | - |
| Solarpack Promo2007 Treintaitres, S.L. | 100% | 71,728 | 72,072 | 615,201 | 25,886 | - |
| Solarpack Promo2007 Treintaicinco, S.L. | 100% | 71,728 | 72,072 | 618,558 | 23,826 | - |
| Solarpack Promo 2007 Cincuentaisiete, S.L. | 100% | 65,544 | 72,072 | 674,744 | 34,158 | - |
| Solarpack Promo 2007 Sesentaitres, S.L. | 100% | 187,392 | 72,072 | 391,445 | 35,387 | - |

| | % effective shareholding | Net investment (euros) | Euros | | | |
|---|---|---|---|---|---|---|
| | | | Capital | Reserves | Profit or loss for the year | Other |
| Solarpack Promo 2007 Setentaidos, S.L. | 100% | 65,544 | 72,072 | 672,019 | 40,553 | - |
| Solarpack Promo 2007 Cientoveintiuno, S.L. | 96.50% | 6,173,108 | 2,857,510 | 3,410,576 | 718,561 | (615,954) |
| Solarpack Promo 2006 Tres, S.L. | 100% | 231,832 | 80,920 | 559,974 | (95) | - |
| Solarpack Promo 2006 Cinco, S.L. | 100% | 231,862 | 80,920 | 559,197 | 4 | - |
| Alaraph Seis, S.L. | 100% | 265,711 | 218,000 | 588,114 | 5,410 | - |
| Aldebaran Siete, S.L. | 100% | 265,269 | 218,000 | 610,656 | 5,772 | - |
| Alderamin Ocho, S.L. | 100% | 314,285 | 218,000 | 858,884 | 5,900 | - |
| Alkihiba Quince, S.L. | 100% | 260,099 | 218,000 | 571,688 | 5,436 | - |
| Alparhd Dieciocheo, S.L. | 100% | 265,274 | 218,000 | 610,498 | 5,759 | - |
| Alphecca Diecinueve, S.L. | 100% | 265,262 | 218,000 | 611,099 | 6,077 | - |
| Alrami Veintiuno, S.L. | 100% | 265,385 | 218,000 | 607,929 | 5,765 | - |
| Alruccabah Veintidos, S.L. | 100% | 265,218 | 218,000 | 611,075 | 5,612 | - |
| Alsah Veintitres, S.L. | 100% | 265,224 | 218,000 | 611,496 | 5,940 | - |
| Altair Veinticuatro, S.L. | 100% | 265,669 | 218,000 | 835,075 | 4,114 | - |
| Anca Veinticinco, S.L. | 100% | 266,177 | 218,000 | 602,492 | 5,096 | - |
| Arcturus Veintinueve, S.L. | 100% | 266,115 | 218,000 | 603,542 | 5,175 | - |
| Ariteis Treintaiuno, S.L. | 100% | 280,893 | 218,000 | 492,458 | (17,918) | - |
| Ballena Treintaicuatro, S.L. | 100% | 266,142 | 218,000 | 609,192 | 11,044 | - |
| Canoplus Cuarenta, S.L. | 100% | 266,180 | 218,000 | 608,454 | 11,177 | - |
| Castor Cuarentaidos, S.L. | 100% | 285,756 | 218,000 | 704,270 | 5,671 | - |
| Cisne Cuarentaitres, S.L. | 100% | 265,733 | 218,000 | 593,203 | 12,206 | - |
| Corona Boreal Cuarentaiocho, S.L. | 100% | 265,756 | 218,000 | 808,474 | 18,455 | - |
| Dubhe Cincuentraicuatro, S.L. | 100% | 265,757 | 218,000 | 622,460 | 10,178 | - |
| Hidra Sesentaitres, S.L. | 100% | 260,354 | 218,000 | 584,317 | 3,557 | - |
| Lepus Sesentaisiete, S.L. | 100% | 266,458 | 218,000 | 641,408 | 10,866 | - |
| Osa Mayor Setentaicinco, S.L. | 100% | 231,903 | 80,920 | 561,221 | 6,182 | - |
| Peacock Setentainueve, S.L. | 100% | 231,908 | 80,920 | 556,268 | (100) | - |
| Pegaso Ochenta, S.L. | 100% | 231,898 | 80,920 | 556,302 | (403) | - |
| Perseo Ochentaiuno, S.L. | 100% | 231,905 | 80,920 | 561,020 | 6,145 | - |
| Phaet Ochentaitres, S.L. | 100% | 231,937 | 80,920 | 559,938 | 6,191 | - |
| Cadiñamos M.G. Ochentaiseis, S.L. | 100% | 227,773 | 80,920 | 567,554 | 18,864 | - |
| Sartan Ochentainueve, S.L. | 100% | 238,932 | 80,920 | 632,207 | (495) | - |
| Cadiñamos M.G. Noventaiuno, S.L. | 100% | 226,868 | 80,920 | 542,154 | (74) | - |
| Triangulum Noventaicinco, S.L. | 100% | 226,889 | 80,920 | 545,437 | (2,777) | - |
| Coluche Noventaiseis, S.L. | 100% | 231,808 | 80,920 | 564,179 | 6,239 | - |
| Solarpack Promo2007 Tres, S.L. | 100% | 201,912 | 72,072 | 214,290 | 391 | - |
| Solarpack Promo2007 Cuatro, S.L. | 100% | 201,912 | 72,072 | 214,290 | 802 | - |
| Solarpack Promo2007 Cinco, S.L. | 100% | 201,917 | 72,072 | 214,131 | 1,557 | - |
| Solarpack Promo2007 Seis, S.L. | 100% | 201,912 | 72,072 | 214,290 | 1,370 | - |
| Solarpack Promo2007 Siete, S.L. | 100% | 201,951 | 72,072 | 213,075 | 1,178 | - |
| Solarpack Promo2007 Ocho, S.L. | 100% | 201,917 | 72,072 | 214,131 | 1,499 | - |
| Solarpack Promo2007 Nueve, S.L. | 100% | 201,912 | 72,072 | 216,720 | 3,942 | - |
| Solarpack Promo2007 Doce, S.L. | 100% | 201,943 | 72,072 | 216,734 | 5,268 | - |
| Solarpack Promo2007 Catorce, S.L. | 100% | 197,965 | 72,072 | 210,402 | 594 | - |
| Solarpack Promo2007 Quince, S.L. | 100% | 197,960 | 72,072 | 210,469 | 13 | - |
| Solarpack Promo2007 Dieciseis, S.L. | 100% | 201,934 | 72,072 | 214,936 | 1,115 | - |
| Solarpack Promo2007 Diecisiete, S.L. | 100% | 198,076 | 72,072 | 211,405 | (237) | - |
| Solarpack Promo2007 Dieciocho, S.L. | 100% | 201,939 | 72,072 | 214,754 | 1,466 | - |
| Solarpack Promo2007 Diecinueve, S.L. | 100% | 197,975 | 72,072 | 210,823 | (617) | - |
| Solarpack Promo2007 Veinte, S.L. | 100% | 201,923 | 72,072 | 213,799 | 1,295 | - |
| Solarpack Promo2007 Veintiuno, S.L. | 100% | 201,925 | 72,072 | 214,526 | 542 | - |
| Solarpack Promo2007 Veintidos, S.L. | 100% | 197,954 | 72,072 | 210,551 | 660 | - |
| Solarpack Promo2007 Veintitres, S.L. | 100% | 201,962 | 72,072 | 215,927 | 5,420 | - |
| Solarpack Promo2007 Veintiseis, S.L. | 100% | 201,922 | 72,072 | 217,106 | 5,867 | - |
| Solarpack Promo2007 Veintiocho, S.L. | 100% | 197,918 | 72,072 | 211,248 | 1,125 | - |
| Solarpack Promo2007 Treinta, S.L. | 100% | 201,924 | 72,072 | 214,484 | 1,539 | - |
| Solarpack Promo2007 Treintaiuno, S.L. | 100% | 201,935 | 72,072 | 214,272 | 2,020 | - |
| Solarpack Promo2007 Treintaidos, S.L. | 100% | 201,934 | 72,072 | 216,724 | 5,958 | - |
| Solarpack Promo2007 Treintaiseis, S.L. | 100% | 201,934 | 72,072 | 214,300 | 1,621 | - |
| Solarpack Promo2007 Treintaisiete, S.L. | 100% | 201,924 | 72,072 | 214,484 | 1,940 | - |
| Solarpack Promo2007 Treintaiocho, S.L. | 100% | 201,935 | 72,072 | 214,235 | 1,938 | - |
| Solarpack Promo2007 Treintainueve, S.L. | 100% | 201,934 | 72,072 | 214,244 | 1,761 | - |
| Solarpack Promo2007 Cuarenta, S.L. | 100% | 197,942 | 72,072 | 210,711 | 1,712 | - |

| | % effective shareholding | Net investment (euros) | Euros | | | |
|---|---|---|---|---|---|---|
| | | | Capital | Reserves | Profit or loss for the year | Other |
| Solarpack Promo2007 Cuarentaiuno, S.L. | 100% | 295,071 | 72,072 | 479,403 | 20,809 | - |
| Solarpack Promo2007 Cuarentaidos, S.L. | 100% | 291,995 | 72,072 | 339,713 | 21,010 | - |
| Solarpack Promo2007 Cuarentaitres, S.L. | 100% | 291,985 | 72,072 | 339,727 | 20,745 | - |
| Solarpack Promo2007 Cuarentaicuatro, S.L. | 100% | 291,968 | 72,072 | 339,514 | 19,955 | - |
| Solarpack Promo2007 Cuarentaicinco, S.L. | 100% | 291,968 | 72,072 | 339,498 | 19,975 | - |
| Solarpack Promo2007 Cuarentaiseis, S.L. | 100% | 300,579 | 72,072 | 387,600 | 20,953 | - |
| Solarpack Promo2007 Cincuentaiuno, S.L. | 100% | 292,019 | 72,072 | 344,278 | 26,884 | - |
| Solarpack Promo2007 Cincuentaitres, S.L. | 100% | 291,993 | 72,072 | 339,447 | 20,794 | - |
| Solarpack Promo2007 Cincuentaicuatro, S.L. | 100% | 291,999 | 72,072 | 339,651 | 21,278 | - |
| Solarpack Promo2007 Cincuentaicinco, S.L. | 100% | 292,000 | 72,072 | 339,688 | 13,648 | - |
| Solarpack Promo2007 Cincuentaiseis, S.L. | 100% | 291,999 | 72,072 | 344,375 | 19,868 | - |
| Solarpack Promo2007 Cincuentainueve, S.L. | 100% | 291,955 | 72,072 | 344,585 | 19,972 | - |
| Solarpack Promo2007 Sesentaicinco, S.L. | 100% | 291,990 | 72,072 | 461,480 | 19,010 | - |
| Solarpack Promo2007 Sesentaiseis, S.L. | 100% | 292,008 | 72,072 | 345,927 | 20,161 | - |
| Solarpack Promo2007 Sesentaisiete, S.L. | 100% | 284,747 | 72,072 | 299,006 | 20,931 | - |
| Solarpack Promo2007 Sesentaiocho, S.L. | 100% | 291,999 | 72,072 | 339,717 | 21,514 | - |
| Solarpack Promo2007 Sesentainueve, S.L. | 100% | 291,983 | 72,072 | 344,519 | 26,341 | - |
| Solarpack Promo2007 Setentaiuno, S.L. | 100% | 292,007 | 72,072 | 344,401 | 25,976 | - |
| Solarpack Promo2007 Setentaitres, S.L. | 100% | 291,990 | 72,072 | 339,544 | 20,271 | - |
| Solarpack Promo2007 Setentaicuatro, S.L. | 100% | 291,984 | 72,072 | 339,606 | 21,091 | - |
| Solarpack Promo2007 Setentaicinco, S.L. | 100% | 284,766 | 72,072 | 298,309 | 20,329 | - |
| Solarpack Promo2007 Setentaisiete, S.L. | 100% | 294,132 | 72,072 | 478,409 | 19,408 | - |
| Solarpack Promo2007 Setentaiocho, S.L. | 100% | 291,980 | 72,072 | 339,709 | 20,620 | - |
| Solarpack Promo2007 Setentainueve, S.L. | 100% | 291,980 | 72,072 | 339,734 | 20,775 | - |
| Solarpack Promo2007 Ochenta, S.L. | 100% | 291,986 | 72,072 | 339,664 | 13,841 | - |
| Solarpack Promo2007 Cientodicecinueve, S.L. | 100% | 192,880 | 72,072 | 224,683 | 631 | - |
| Solarpack Promo2007 Cientoveinte, S.L. | 100% | 201,951 | 72,072 | 216,660 | 5,604 | - |
| Granja Holdco, S.L. | 100% | 1,364 | 5,139,589 | - | (155) | - |
| Solarpack Ingenieria, S.L.U. | 100% | 6,020 | 3,010 | 2,170,161 | 5,235,513 | - |
| Solarpack France Sarl | 100% | - | 60,000 | (138,885) | (2,139) | - |
| Solarpack Development, Inc. | 100% | 1,637,839 | 3,140,280 | - | (295,912) | (70,736) |
| Solarpack Chile, Ltda | 100% | 12,600,495 | 12,433,826 | 8,720,443 | 8,506,405 | (5,215,848) |
| Kabi Solar (Pty) Ltd. | 60% | - | 1,128,092 | (2,024,785) | (308,618) | - |
| Solarges Perú, S.L. | 50% | 1,503 | 3,006 | (3,006) | - | - |
| Ecuador Solar Holdco S.L. | 50% | 308,852 | 3,562 | 809,828 | (262,708) | - |
| Pampul Holdco S.L. | 19% | 709,306 | 3,082,135 | 71,715 | 1,227,018 | - |
| Solarpack Peru, S.A.C. | 100% | 111,897 | 73,525 | (8,132) | 373,586 | (950) |
| Energía Regional, S.A. de C.V. | 90% | - | 35,682 | - | - | - |
| PMGD Holdco, S.L. | 80% | 4,179,261 | 10,000 | 6,078,048 | (1,498) | (205,784) |
| SPK Energías Renovables Mexico 1 SA De CV | 100% | 160 | 160 | (31,605) | (11,679) | (1,080) |
| Ataca Solar Holdco, Spa | 19% | 1,226,107 | 6,538,606 | (5,694,730) | (122,473) | - |
| Padmajiwadi Solar Private Limited | 82.64% | 1,216,299 | 1,354,733 | 477,494 | 78,897 | (133,078) |
| Renjal Solar Private Limited | 82.62% | 1,814,480 | 2,022,794 | 676,387 | (145,464) | (192,798) |
| Gummadidala Solar Private Limited | 82.66% | 1,810,699 | 2,016,336 | 889,889 | 392,260 | (221,299) |
| Ghanpur Solar Private Limited | 82.66% | 1,828,419 | 2,033,195 | 535,156 | (108,670) | (174,126) |
| Thukkapur Solar Private Limited | 82.66% | 1,826,363 | 2,027,515 | 628,976 | (39,636) | (176,334) |
| Achampet Solar Private Limited | 82.64% | 1,224,578 | 1,360,408 | 421,482 | (7,479) | (131,922) |
| Solarpack India Llp | 99.99% | 1,436,350 | 1,437,859 | - | (3,086,867) | 53,219 |
| Solarpack Asia Sdn. Bhd. | 100% | 120,000 | 237,109 | - | (21,784) | (12,229) |
| Spk Services Singapore Pte Ltd | 95% | 35,810 | 37,761 | 774,273 | (19,255) | (126,979) |
| Solarpack Monclova, S.L | 100% | 2,563,000 | 30,000 | - | 382,866 | (87,252) |
| Pedroso Solar, S.L. | 100% | 1,758,000 | 30,000 | - | 211,546 | (100,101) |
| Peñaflor Solar, S.L. | 100% | 1,713,000 | 30,000 | - | 213,661 | (99,779) |
| Los Libertadores, Spa | 20% | 25 | 132 | (690) | (854) | - |
| Ekialde Solar Private Limited | 100% | 13,120,363 | 14,953,514 | (132,268) | 13,070 | (239,684) |
| Solarpack Colombia, S.A.S. | 100% | 234,437 | 29,007 | 4,190 | (159,905) | (26,862) |
| Eureka Energías Renovables, S.L. | 100% | 2,999 | 2,999 | - | (145) | - |
| Suvan Solar, SpA | 100% | - | - | - | - | - |
| Cuenca Solar, SpA | 100% | - | - | - | - | - |
| Apolo Solar, SpA | 100% | - | - | - | - | - |
| Astro Solar, SpA | 100% | - | - | - | - | - |
| Solarpack Ansar, S.L. | 100% | 3,000 | 3,000 | - | (921) | - |
| Buitre Solar, S.L. | 100% | 3,000 | 3,000 | - | (921) | - |

| | % effective shareholding | Net investment (euros) | Euros | | | |
|---|---|---|---|---|---|---|
| | | | Capital | Reserves | Profit or loss for the year | Other |
| Solarpack Falcon, S.L. | 100% | 3,000 | 3,000 | - | (921) | - |
| Solarpack Milano, S.L. | 100% | 3,000 | 3,000 | - | (921) | - |
| Solarpack Condor, S.L. | 100% | 3,000 | 3,000 | - | (921) | - |
| Solarpack Aguila, S.L. | 100% | 3,000 | 3,000 | - | (921) | - |
| Solarpack Albatros, S.L. | 100% | 3,000 | 3,000 | - | (921) | - |
| Solarpack Flamingo, S.L. | 100% | 3,000 | 3,000 | - | (921) | - |
| Pantac Holdco, S.L. | 100% | 24,463,705 | 3,011 | 20,212,153 | (458,316) | (459,729) |
| Solarpack Proyectos Extranjeros, S.L.U. | 100% | 3,000 | 3,000 | - | (44,846) | - |
| Solarpack Promo2006 Noventa y siete, S.L. | 100% | 227,793 | 80,920 | 482,863 | (2,277) | - |
| Solarpack Promo2007 Veinticinco, S.L. | 100% | 171,950 | 72,072 | 174,170 | (3,443) | - |
| | | **105,070,632** | **72,984,548** | **81,074,786** | **13,290,970** | **(8,239,305)** |

**2018**

| | % effective shareholding | Net investment (euros) | Euros | | | |
|---|---|---|---|---|---|---|
| | | | Capital | Reserves | Profit or loss for the year | Other |
| Acrux Uno, S.L.U. | 100% | 70,163 | 54,500 | 194,868 | 37,192 | - |
| Antia Dos, S.L | 100% | 43,410 | 20,230 | 169,663 | 37,517 | - |
| Andromeda Veintiseis, S.L.U. | 100% | 75,448 | 54,500 | 194,067 | 37,239 | - |
| Cruz Del Sur Cuarentainueve, S.L.U. | 100% | 74,942 | 54,500 | 199,390 | 37,428 | - |
| Orion Setentaicuatro, S.L | 100% | 44,610 | 20,230 | 168,564 | 37,518 | - |
| Solarpack Promo2007 Treintaitres, S.L. | 100% | 71,728 | 18,018 | 151,262 | 34,901 | - |
| Solarpack Promo2007 Treintaicinco, S.L. | 100% | 71,728 | 18,018 | 152,101 | 34,901 | - |
| Solarpack Promo 2007 Cincuentaisiete, S.L. | 100% | 65,544 | 18,018 | 161,946 | 42,457 | - |
| Solarpack Promo 2007 Sesentaitres, S.L. | 100% | 187,392 | 18,018 | 91,095 | 42,567 | - |
| Solarpack Promo 2007 Setentaidos, S.L. | 100% | 65,544 | 18,018 | 161,270 | 42,439 | - |
| Solarpack Promo 2007 Cientoveintiuno, S.L. | 96.50% | 6,173,108 | 2,857,510 | 3,001,911 | 1,067,448 | (2,706,099) |
| Solarpack Promo 2006 Tres, S.L. | 100% | 231,832 | 20,230 | 154,586 | 18,331 | - |
| Solarpack Promo 2006 Cinco, S.L. | 100% | 231,862 | 20,230 | 154,417 | 18,271 | - |
| Alaraph Seis, S.L. | 100% | 265,711 | 54,500 | 160,047 | 18,058 | - |
| Aldebaran Siete, S.L. | 100% | 265,269 | 54,500 | 164,088 | 17,885 | - |
| Alderamin Ocho, S.L. | 100% | 314,285 | 54,500 | 173,114 | 17,879 | - |
| Alkihiba Quince, S.L. | 100% | 260,099 | 54,500 | 153,358 | 17,809 | - |
| Alparhd Dieciocheo, S.L. | 100% | 265,274 | 54,500 | 164,023 | 17,885 | - |
| Alphecca Diecinueve, S.L. | 100% | 265,262 | 54,500 | 164,225 | 17,902 | - |
| Alrami Veintiuno, S.L. | 100% | 265,385 | 54,500 | 163,123 | 17,835 | - |
| Alruccabah Veintidos, S.L. | 100% | 265,218 | 54,500 | 164,266 | 17,704 | - |
| Alsah Veintitres, S.L. | 100% | 265,224 | 54,500 | 164,339 | 17,932 | - |
| Altair Veinticuatro, S.L. | 100% | 265,669 | 54,500 | 164,372 | 16,901 | - |
| Anca Veinticinco, S.L. | 100% | 266,177 | 54,500 | 162,857 | 17,947 | - |
| Arcturus Veintinueve, S.L. | 100% | 266,115 | 54,500 | 163,123 | 17,970 | - |
| Ariteis Treintaiuno, S.L. | 100% | 280,893 | 54,500 | 102,058 | 253 | - |
| Ballena Treintaicuatro, S.L. | 100% | 266,142 | 54,500 | 163,098 | 23,634 | - |
| Canoplus Cuarenta, S.L. | 100% | 266,180 | 54,500 | 162,904 | 23,635 | - |
| Castor Cuarentaidos, S.L. | 100% | 285,756 | 54,500 | 161,417 | 18,206 | - |
| Cisne Cuarentaitres, S.L. | 100% | 265,733 | 54,500 | 159,884 | 23,775 | - |
| Corona Boreal Cuarentaiocho, S.L. | 100% | 265,756 | 54,500 | 153,617 | 29,872 | - |
| Dubhe Cincuentraicuatro, S.L. | 100% | 265,757 | 54,500 | 168,264 | 23,970 | - |
| Hidra Sesentaitres, S.L. | 100% | 260,354 | 54,500 | 159,461 | 18,064 | - |
| Lepus Sesentaisiete, S.L. | 100% | 266,458 | 54,500 | 174,101 | 23,682 | - |
| Osa Mayor Setentaicinco, S.L. | 100% | 231,903 | 20,230 | 153,712 | 23,334 | - |
| Peacock Setentainueve, S.L. | 100% | 231,908 | 20,230 | 153,693 | 18,369 | - |
| Pegaso Ochenta, S.L. | 100% | 231,898 | 20,230 | 153,715 | 18,373 | - |
| Perseo Ochentaiuno, S.L. | 100% | 231,905 | 20,230 | 153,671 | 23,255 | - |
| Phaet Ochentaitres, S.L. | 100% | 231,937 | 20,230 | 153,408 | 23,242 | - |
| Cadiñamos M.G. Ochentaiseis, S.L. | 100% | 227,773 | 20,230 | 154,335 | 36,497 | - |
| Sartan Ochentainueve, S.L. | 100% | 238,932 | 20,230 | 152,352 | 18,665 | - |
| Cadiñamos M.G. Noventaiuno, S.L. | 100% | 226,868 | 20,230 | 152,846 | 18,614 | - |
| Triangulum Noventaicinco, S.L. | 100% | 226,889 | 20,230 | 152,898 | 21,662 | - |
| Coluche Noventaiseis, S.L. | 100% | 231,808 | 20,230 | 154,514 | 23,602 | - |
| Solarpack Promo2007 Tres, S.L. | 100% | 201,912 | 18,018 | 87,469 | 15,564 | - |
| Solarpack Promo2007 Cuatro, S.L. | 100% | 201,912 | 18,018 | 87,469 | 15,564 | - |
| Solarpack Promo2007 Cinco, S.L. | 100% | 201,917 | 18,018 | 87,427 | 15,564 | - |
| Solarpack Promo2007 Seis, S.L. | 100% | 201,912 | 18,018 | 87,469 | 15,564 | - |
| Solarpack Promo2007 Siete, S.L. | 100% | 201,951 | 18,018 | 87,121 | 15,564 | - |
| Solarpack Promo2007 Ocho, S.L. | 100% | 201,917 | 18,018 | 87,427 | 15,564 | - |
| Solarpack Promo2007 Nueve, S.L. | 100% | 201,912 | 18,018 | 87,469 | 17,994 | - |

| | % effective shareholding | Net investment (euros) | Euros | | | |
|---|---|---|---|---|---|---|
| | | | Capital | Reserves | Profit or loss for the year | Other |
| Solarpack Promo2007 Doce, S.L. | 100% | 201,943 | 18,018 | 87,433 | 17,984 | - |
| Solarpack Promo2007 Catorce, S.L. | 100% | 197,965 | 18,018 | 86,269 | 15,705 | - |
| Solarpack Promo2007 Quince, S.L. | 100% | 197,960 | 18,018 | 86,311 | 15,705 | - |
| Solarpack Promo2007 Dieciseis, S.L. | 100% | 201,934 | 18,018 | 87,586 | 15,552 | - |
| Solarpack Promo2007 Diecisiete, S.L. | 100% | 198,076 | 18,018 | 86,740 | 14,798 | - |
| Solarpack Promo2007 Dieciocho, S.L. | 100% | 201,939 | 18,018 | 87,546 | 15,524 | - |
| Solarpack Promo2007 Diecinueve, S.L. | 100% | 197,975 | 18,018 | 86,519 | 15,952 | - |
| Solarpack Promo2007 Veinte, S.L. | 100% | 201,923 | 18,018 | 87,278 | 15,554 | - |
| Solarpack Promo2007 Veintiuno, S.L. | 100% | 201,925 | 18,018 | 87,500 | 15,563 | - |
| Solarpack Promo2007 Veintidos, S.L. | 100% | 197,954 | 18,018 | 86,418 | 15,721 | - |
| Solarpack Promo2007 Veintitres, S.L. | 100% | 201,962 | 18,018 | 81,223 | 17,985 | - |
| Solarpack Promo2007 Veintiseis, S.L. | 100% | 201,922 | 18,018 | 87,527 | 17,986 | - |
| Solarpack Promo2007 Veintiocho, S.L. | 100% | 197,918 | 18,018 | 86,553 | 15,953 | - |
| Solarpack Promo2007 Treinta, S.L. | 100% | 201,924 | 18,018 | 87,486 | 15,555 | - |
| Solarpack Promo2007 Treintaiuno, S.L. | 100% | 201,935 | 18,018 | 87,434 | 15,525 | - |
| Solarpack Promo2007 Treintaidos, S.L. | 100% | 201,934 | 18,018 | 87,435 | 17,987 | - |
| Solarpack Promo2007 Treintaiseis, S.L. | 100% | 201,934 | 18,018 | 87,434 | 15,563 | - |
| Solarpack Promo2007 Treintaisiete, S.L. | 100% | 201,924 | 18,018 | 87,486 | 15,555 | - |
| Solarpack Promo2007 Treintaiocho, S.L. | 100% | 201,935 | 18,018 | 87,417 | 15,563 | - |
| Solarpack Promo2007 Treintainueve, S.L. | 100% | 201,934 | 18,018 | 87,426 | 15,563 | - |
| Solarpack Promo2007 Cuarenta, S.L. | 100% | 197,942 | 18,018 | 86,432 | 15,920 | - |
| Solarpack Promo2007 Cuarentaiuno, S.L. | 100% | 295,071 | 18,018 | 120,528 | 24,648 | - |
| Solarpack Promo2007 Cuarentaidos, S.L. | 100% | 291,995 | 18,018 | 119,280 | 24,660 | - |
| Solarpack Promo2007 Cuarentaitres, S.L. | 100% | 291,985 | 18,018 | 119,291 | 24,632 | - |
| Solarpack Promo2007 Cuarentaicuatro, S.L. | 100% | 291,968 | 18,018 | 119,261 | 24,686 | - |
| Solarpack Promo2007 Cuarentaicinco, S.L. | 100% | 291,968 | 18,018 | 119,256 | 24,686 | - |
| Solarpack Promo2007 Cuarentaiseis, S.L. | 100% | 300,579 | 18,018 | 105,231 | 24,884 | - |
| Solarpack Promo2007 Cincuentaiuno, S.L. | 100% | 292,019 | 18,018 | 119,272 | 29,321 | - |
| Solarpack Promo2007 Cincuentaitres, S.L. | 100% | 291,993 | 18,018 | 119,192 | 24,687 | - |
| Solarpack Promo2007 Cincuentaicuatro, S.L. | 100% | 291,999 | 18,018 | 119,270 | 24,658 | - |
| Solarpack Promo2007 Cincuentaicinco, S.L. | 100% | 292,000 | 18,018 | 119,253 | 24,686 | - |
| Solarpack Promo2007 Cincuentaiseis, S.L. | 100% | 291,999 | 18,018 | 119,275 | 29,328 | - |
| Solarpack Promo2007 Cincuentainueve, S.L. | 100% | 291,955 | 18,018 | 119,360 | 29,374 | - |
| Solarpack Promo2007 Sesentaicinco, S.L. | 100% | 291,990 | 18,018 | 113,624 | 30,111 | - |
| Solarpack Promo2007 Sesentaiseis, S.L. | 100% | 292,008 | 18,018 | 120,838 | 24,637 | - |
| Solarpack Promo2007 Sesentaisiete, S.L. | 100% | 284,747 | 18,018 | 105,187 | 24,926 | - |
| Solarpack Promo2007 Sesentaiocho, S.L. | 100% | 291,999 | 18,018 | 119,273 | 24,677 | - |
| Solarpack Promo2007 Sesentainueve, S.L. | 100% | 291,983 | 18,018 | 119,307 | 29,362 | - |
| Solarpack Promo2007 Setentaiuno, S.L. | 100% | 292,007 | 18,018 | 119,291 | 29,290 | - |
| Solarpack Promo2007 Setentaitres, S.L. | 100% | 291,990 | 18,018 | 119,226 | 24,701 | - |
| Solarpack Promo2007 Setentaicuatro, S.L. | 100% | 291,984 | 18,018 | 119,295 | 24,634 | - |
| Solarpack Promo2007 Setentaicinco, S.L. | 100% | 284,766 | 18,018 | 105,014 | 24,928 | - |
| Solarpack Promo2007 Setentaisiete, S.L. | 100% | 294,132 | 18,018 | 120,056 | 24,646 | - |
| Solarpack Promo2007 Setentaiocho, S.L. | 100% | 291,980 | 18,018 | 119,287 | 24,656 | - |
| Solarpack Promo2007 Setentainueve, S.L. | 100% | 291,980 | 18,018 | 119,287 | 24,656 | - |
| Solarpack Promo2007 Ochenta, S.L. | 100% | 291,986 | 18,018 | 119,267 | 24,655 | - |
| Solarpack Promo2007 Cientodicecinueve, S.L. | 100% | 192,880 | 18,018 | 91,346 | 13,552 | - |
| Solarpack Promo2007 Cientoveinte, S.L. | 100% | 201,951 | 18,018 | 87,411 | 17,979 | - |
| Granja Holdco, S.L. | 100% | 1,364 | 207 | - | (153) | - |
| Solarpack Ingenieria, S.L.U. | 100% | 6,020 | 3,010 | 2,170,161 | (287,571) | (65,823) |
| Solarpack France Sarl | 100% | - | 60,000 | (138,885) | (2,139) | - |
| Solarpack Development, Inc. | 100% | 41,081 | 1,504,650 | - | (361,037) | (1,506,937) |
| Solarpack Chile, Ltda | 100% | 125,000 | 96,956 | 16,463,708 | 2,234,942 | (2,314,868) |
| Kabi Solar (Pty) Ltd. | 60% | - | 1,209,942 | - | (139,214) | (1,821,349) |
| Solarges Perú, S.L. | 50% | 1,503 | 3,006 | 17,601 | (22,096) | - |
| Ecuador Solar Holdco S.L. | 50% | 896,346 | 4,000 | 1,799,308 | (10,614) | - |
| Pampul Holdco S.L. | 19% | 709,306 | 3,211,695 | 5,785 | 195,568 | 65,271 |
| Solarpack Peru, S.A.C. | 100% | 111,897 | 73,525 | 157,302 | 503,578 | 25,732 |
| Energía Regional, S.A. de C.V. | 90% | - | 35,682 | - | - | - |
| PMGD Holdco, S.L. | 80% | 4,901,500 | 10,000 | 6,077,647 | (1,006) | (318,290) |
| SPK Energías Renovables Mexico 1 SA De CV | 100% | 160 | 160 | (31,605) | (11,679) | (1,080) |
| Ataca Solar Holdco, Spa | 19% | 1,226,107 | 6,435,492 | (108,243) | (21,912) | - |
| Padmajiwadi Solar Private Limited | 82.64% | 1,216,299 | 1,354,733 | 181,570 | 295,924 | (156,403) |
| Renjal Solar Private Limited | 82.62% | 1,814,480 | 2,022,794 | 250,361 | 426,026 | (217,444) |
| Gummadidala Solar Private Limited | 82.66% | 1,810,699 | 2,016,336 | 741,921 | 147,968 | (243,006) |
| Ghanpur Solar Private Limited | 82.66% | 1,828,419 | 2,033,195 | 24,900 | 510,256 | (210,863) |
| Thukkapur Solar Private Limited | 82.66% | 1,826,363 | 2,027,515 | 202,201 | 426,775 | (205,401) |
| Achampet Solar Private Limited | 82.64% | 1,224,578 | 1,360,408 | 110,554 | 310,928 | (154,745) |
| Solarpack India Llp | 99.99% | 1,436,350 | 1,437,859 | - | (473,571) | (605,091) |
| Solarpack Asia Sdn. Bhd. | 100% | - | 117,109 | - | (3,572) | (147,705) |
| Spk Services Singapore Pte Ltd | 95% | 35,810 | 37,761 | 515,527 | 258,746 | (145,976) |
| Spk Alvarado, S.L. | 100% | 3,000 | 3,000 | - | (558) | (426) |

| | % effective shareholding | Net investment (euros) | Euros | | | |
|---|---|---|---|---|---|---|
| | | | Capital | Reserves | Profit or loss for the year | Other |
| Solarpack Monclova, S.L | 100% | 3,000 | 3,000 | - | (378) | (1,234) |
| Pedroso Solar, S.L. | 100% | 3,000 | 3,000 | - | (379) | (620) |
| Peñaflor Solar, S.L. | 100% | 3,000 | 3,000 | - | (623) | (1,035) |
| Sol De Alvarado, S.L. | 100% | 3,000 | 3,000 | - | (663) | (1,093) |
| Los Libertadores, Spa | 20% | 25 | 132 | (690) | (854) | - |
| Ekialde Solar Private Limited | 100% | 2,129,662 | 2,124,139 | - | (23,221) | 56,995 |
| Solarpack Colombia, S.A.S. | 100% | 24,899 | 24,899 | - | 4,190 | (102,022) |
| Eureka Energías Renovables, S.L. | 100% | 2,999 | 2,999 | - | (558) | - |
| Suvan Solar, SpA | 100% | - | 80 | - | (196) | - |
| Cuenca Solar, SpA | 100% | - | 80 | - | (223) | - |
| Apolo Solar, SpA | 100% | - | 80 | - | (223) | - |
| Astro Solar, SpA | 100% | - | 80 | - | (131) | - |
| | | **50,078,427** | **32,756,344** | **43,843,742** | **7,190,703** | **(10,779,512)** |

# MANAGEMENT REPORT - INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2019

## 1. Company status

### 1.1. Organisational structure

Solarpack Corporación Tecnológica, S.A. (hereinafter "Solarpack" or the "Company") has a Board of Directors consisting of seven directors: a chairman, a CEO and five members, in addition to a non-director secretary. On 25 January 2019, the Board of Directors accepted the resignation of Mr Antonio Galíndez Zubiría and appointed, through co-option, Mr Rafael Canales Abaitua, as a proprietary director. His appointment was ratified by the General Shareholders' Meeting held on 29 March 2019. Furthermore, on 25 January 2019, the Company's Board of Directors appointed the director, Mr Ignacio Artazcoz Barrena, as the new vice-chairman.

The Board of Directors of Solarpack is the company's highest governing body, to which the General Shareholders' Meeting delegates the management of the Company. It is the place where the Company strategy is defined and the key policies are established, setting out the guidelines for the functioning of Solarpack's executive team.

Solarpack's chairman is the person who chairs and summons the Board of Directors. The Board of Directors delegates to the chairman, among others, the responsibility of preparing the dates and matters to be discussed in the Board meetings, nominating the persons for the positions of CEO and members of the committees of the Board of Directors, preparing and submitting before the Board of Directors those proposals which he thinks appropriate for the successful running of the Company and the representation of Solarpack before the institutions, wherever it may be according to its position, including the external communication of the Company.

The CEO of Solarpack has the executive functions of the Board of Directors and the necessary powers to exercise them. The CEO participates directly in management and supervisory activities of the company. He is responsible for proposing the strategic direction of the company and to ensure that the decisions taken at the Board of Directors are implemented through functional measures. The CEO is a fundamental part in the creation of the culture of the organisation.

The Audit Committee of the Board is made up of three members and its main responsibilities are, among others, the monitoring of the effectiveness of the internal control of the Company and its risk management system. The chairmanship of this committee corresponds to an independent director.

The Appointments and Remuneration Committee consists of three members and its basic functions are, among others, the formulation of proposals on new members of the Board of Directors and on the remuneration of the members of the Board and of the CEO in their executive functions.

At the executive level, the company operates with the following operations and business:

**Project Coordination Committee:**

A committee that meets every two weeks to monitor all the projects underway. All the functional areas involved in the execution of the projects are part of this committee where the progress of the development and construction of the projects are analysed and potential risks and their solutions are identified in order to ensure that the projects are finished and successfully executed.

**Executive Committee:**

The Executive Committee is held on a quarterly basis. All persons responsible for the functional areas of Solarpack meet and the CEO of the company presents the objectives and budget for the year, and its follow-up. The objective of this Committee is to establish common objectives to all the areas of the company, so that all people who are part of the organisation are aligned for achievement.

Solarpack Corporación Tecnológica, S.A. is the parent company of a group of companies (hereinafter referred to jointly as the "**Solarpack Group**") engaging in the development, management and administration of companies producing renewable energy, including the supply, installation and set-up of equipment and facilities for power producing plants, and the construction and sale of photovoltaic farms, as well as the production and sale of photovoltaic solar energy from solar farms that it owns. The following section on Functioning, describes in detail the activities undertaken by the Solarpack Group. The usual administration structure in the subsidiaries is the existence of a sole administrator, although there are numerous subsidiaries that have a board as an administrative body, either due to (i) the existence of minority shareholders or (ii) the fact that regulation of the country where the company is established make it advisable or essential the existence of a board of directors.

As regards the subsidiaries, some are included in the scope of consolidation and others in which the Solarpack Group participates but does not control.

### 1.2. Operation

The Solarpack Group is a multinational company focused on the development of solar PV. It specialises in promoting, financing, construction, asset management, operation and maintenance, and consulting of PV solar plants.

The Solarpack Group was founded and continues as a company to:

- Generate attractive "products and services" for our clients (governments, companies, individuals) in the sector of renewable energies.

- With a business culture that attracts talent, which generates an environment where we give the best of ourselves, we work with a smile.

- With attractive business and financial results that reflect our success in managing the resources used and that contribute to the prosperity of society, wherever we operate.

Its activities are channelled through three operating segments, which are the generators of value and cash flows for the company:

- Development and Construction - DEVCON, which develops business opportunities and executes the construction of solar PV plants.

- Services (SVCS), which provides operation and maintenance services and asset management in solar PV plants.

- Power Generation - POWGEN, where the investments in solar PV power generation assets are grouped.

Solarpack was founded in 2005. Since then, it has continued on a constant path of organic growth in which the generation of value has allowed it to become what it is today: a multinational group of reference in the photovoltaic solar energy sector.

Solarpack Group currently operates mainly in Spain, Latin America (largely, Chile, Peru, Uruguay and Colombia), the USA, South Africa, India and South East Asia.

This geographical dispersion and growth has been carried out taking into consideration the culture and values relating to the performance of employees in the Solarpack Group, wherever they are. It particularly regards the following:

**Quality:** we are obsessed with a well-done job. A job done well the first time requires less time than one done badly.

**Integrity:** honesty in our work and in the relationship with others as a basis for the trust we develop.

**Agility:** sense of anticipation, sense of urgency, essential in the changing times we live and for our company profile.

**Open mind:** open-mindedness, sharing of knowledge, teamwork, as foundation of a strong organisation with sound self-confidence.

**Effort and dedication:** essential in a highly competitive environment.

**Results:** our good work confirmed with economic results.

In summary, the activity of the operating segments is as follows:

- Development and Construction (DEVCON): Our DEVCON division focuses mainly on the development and construction of solar PV plants, which directly convert solar radiation into electrical power. The development phase of a solar PV project begins with the selection of a terrain, suitable, taking into account various factors, such as for example, the solar radiation of the place, the proximity to electrical transmission/ distribution network, the impact in the local community, the selling alternatives for electric energy, mainly through sales contracts in the long run (PPA) and, depending on the size of the project, negotiations with possible co-investors. After obtaining the necessary internal approvals and administrative permits and licenses, we structure the financing of the project. Once this is achieved, we carry out our engineering activities, supply of main equipment and construction (EPC) in turnkey mode. A part of the solar plants that we develop and build are sold to third parties (Build & Sell mode) and another part is kept in our books for exploitation by our POWGEN division (Build & Own mode). Likewise, and opportunistically, the DEVCON division provides EPC services to third parties in projects in which the Group has not had any intervention in its development. The DEVCON division is the main generator of the company's future business, and its growth engine.

- Services (SVCS): Our SVCS division provides (i) technical Operation and Maintenance services, and (ii) administrative and asset management services to PV solar power plants developed by both the Solarpack Group and third parties. This division develops a wide range of services and solutions to maximise the generation of electricity and the useful life of the PV solar systems it operates and manages. Specifically, we provide technical monitoring and supervision services, inspections, preventive maintenance of plants, repair and replacement of equipment in plant, and response to incidents. At 31 December 2019, we provided technical Operation and Maintenance services at
20 solar PV plants (of which eight are owned mostly by third parties) with a total installed capacity of 377 MW. Our O & M services are monitored from our remote-control centre ("ROC") located in Getxo-Bizkaia, and run by our operators in the field. In addition, as part of our asset management activities, we offer a wide range of commercial, accounting, financial, tax and corporate services for PV solar power plants in operation, with the objective of maximising the cash available for distribution to the shareholders of these assets. Specifically, the main focus of our asset management services includes ensuring compliance with the applicable regulatory framework, establishing an effective reporting and internal control system, advising clients on how to optimise plant performance, refinancing senior debt and daily management and optimisation of PPA contracts. As of 31 December 2019, we provide this type of asset management services to 20 PV plants (owned by us or by third parties) that represent a total installed capacity of 578 MW.

- Power Generation (POWGEN): When our DEVCON division completes the construction of a solar PV plant and this enters into operation, our POWGEN division generates income by selling the electricity produced by our PV solar plants under a specific PPA contract or other type of sales model. The amount of income generated depends mainly on the production level of the plant and the sale price of the power. We generate income from solvent buyers, including a combination of government entities or central and national services, such as the national electricity systems of Spain and Chile, the Republic of Peru and Southern/Northern Power Distribution Company of Telangana (Indian energy distribution companies), as well as private companies such as Collahuasi and Codelco (Chilean mining companies). In general, we establish long-term electricity sales agreements with these energy buyers who pay a fixed price, in certain cases subject to adjustments for inflation, for the electricity generated by our PV solar power plants. As of 31 December 2019, we have interests in the capital of 14 solar PV projects with a total installed capacity of 417 MW (of which 345 MW are attributable to our proportional shares in these projects). As of the date of this report, these numbers have increased by 123 MW to 540 MW and 468 MW respectively, due to the start of operation of the Granja project in Chile. These projects are structured with special purpose vehicle companies (SPV) in which the assets and liabilities of each project are located in an isolated manner. In this way, it is possible to obtain Project Finance Debt, which does not require any other guarantees than those of the project itself.

Our strategy is based on two basic principles: profitable growth and risk control. These, in turn, are implemented through five levers that are:

- Vertical Integration
- Market and currency selection
- Local vs dispersion
- Rigorous investment decision processes
- Asset rotation

Our competitive advantages are summarised in these five pillars:

- Vertically integrated project execution platform with a presence in highly attractive, fast-growing solar PV markets
- Solid history in the execution of quality pv solar projects
- Attractive portfolio of projects in development that provide good income visibility and future results
- Diversified geographical implantation in 10 international markets, which allows cushioning the effects of a possible fall in one specific market
- A management team with extensive experience in the industry and a long-term approach on the sustainable creation of value

### 1.3. Business Model

Historically, the Solarpack Group has developed a vertical integration business model with high asset turnover. This rotation has been motivated by a limited amount of financial resources, sufficient for the maintenance of investments in solar PV plants in the long term. As such, the Group has proceeded to disinvest majority share packages in operating PV solar plants so as to finance the construction and start-up of the following plants, which we call the Build & Sell mode.

During the year 2018, the Group implemented a change of strategy, which is to maintain investment in the medium and long term in a majority share of the assets that develops, build and put into operation, what we call mode Build & Own. Result of this new strategy, the Group carried out a capital increase through a range of subscription shares which ended 5 December 2018, the day from which Solarpack shares listed in the continuous markets of the Spanish stock exchanges. This injection of capital by 110 M euros will allow growth and recurrence of revenues and results of operation of the group.

Regarding the projects that the Group maintains in the development portfolio and that it aims to put into operation in the short term, approximately one third thereof will be built in Build & Own mode.

Likewise, the Group is carrying out EPC constructions for third parties where such opportunities allow the Group to create synergies with its undertaking of Build&Own and Build&Sell projects.

The evolution and results of the Company's individual businesses are shown below.

## 2. Business Performance and Results

### 2.1. Key financial and non-financial indicators

***Operating revenue***

During 2019, the operating revenue was 87,851 thousand euros, up 1408% on the 5,826 thousand euros in 2018. This increase was mainly due to a higher net revenue.

*Net revenue*

Net turnover increased by 82,094 thousand euros to 87,767 thousand in 2019, compared to 5,673 thousand in 2018. This was mainly due to a number of sales of solar plants recorded in 2019 that did not occur in 2018 and an increase in dividends received for investments in group and associate companies, corresponding to 12,458 thousand to 13,108 thousand euros in 2019, compared to 650 thousand in 2018.

*Other operating income*

This decreased by 45 thousand euros, or 44%, to 58 thousand euros in 2019, compared to 103 thousand euros in 2018.

*Change in inventories of finished products and work in progress and work carried out by the company for its assets*

There was no change in this connection between 2018 and 2019, and the amount of this heading was 0 thousand in both years.

***Operating Expenses***

Operating expenses increased by 64,540 thousand euros, or 1284%, to 69,568 thousand euros during 2019, from 5,028 thousand euros during 2018. This decrease was mainly due to higher supply costs in 2019.

*Supplies*

Procurements increased by 56,773 thousand euros, from 631 thousand euros of income in 2018 to 56,142 thousand euros of income in 2019.

*Staff costs*

Personnel costs increased by 3,345 thousand euros, or 109%, to 6,426 thousand euros during 2019, from 3,081 thousand euros during 2018. This was mainly due to the fact that in 2019 there was solid activity derived from the construction of projects in Spain.

*Depreciation and amortisation*

The amortisation of the property, plant and equipment increased by 31 thousand euros to 92 thousand euros during 2019, up from 61 thousand euros during 2018.

*Other operating expenses and profit/loss*

Other operating expenses and profit/loss increased by 4,392 thousand euros to 6,908 thousand euros in 2019, up from 2,516 thousand euros in 2018.

***Finance income and costs***

In 2019, the net financial income was negative by 2,803 thousand euros, a decrease of 1,412 thousand euros, from a negative net income of 1,391 thousand euros in 2018. This decrease in net financial result was mainly due to a higher impairment and gain on disposal of financial instruments in 2019 amounting to 2,939 thousand euros, which was partially offset by income from exchange rate differences of 1,348 thousand in 2019, compared with the expense from exchange rate differences of 313 thousand in 2018.

***Income tax***

In 2019, the Solarpack Group recognised income tax of 397 thousand euros, 105 thousand euros more than the 292 thousand euros income tax recognised in 2018.

***Profit/loss for the year***

As a result of the above, the profit/loss for the year increases to 15,820 thousand euros during 2019, up from negative 403 thousand euros during 2018.

**Investments/divestments**

At 31 December 2019, long-term investments in group companies and associates amounted to 137,468 thousand euros, 74,619 thousand euros more than at 31 December 2018. The main reasons for this increase are the contributions made to group companies for the construction of Build&Own projects and the financial investments derived from the indirect purchase of the Tacna and Panamericana projects in Peru, as described in note 8.2 of the report.

## 2.2. Environmental and personnel issues

In the Solarpack Group, as in many industrial and advanced technology activities, issues related to the environment and its personnel are key to its future success and development.

Both elements, personnel and the environment, are well identified in our mission as a business organisation (highlighted in bold):

- Generate attractive "products and services" for our clients (governments, companies, individuals) in the sector of renewable energies.

- With a **business culture that attracts talent**, which generates an environment where we give the best of ourselves, we work with a smile.

- With attractive business and financial results that reflect our success in managing the resources used and **that contribute to the prosperity of society**, wherever we operate.

These commitments were recently publicly expressed when, in December 2017, Solarpack's Board of Directors approved (i) a Quality, Environment and Health and Safety Policy, as well as (ii) a Corporate Social Responsibility Policy.

Both policies are published on our website (www.solarpack. es) so that they are accessible to any person or entity relating to us or over whomever our activity affects.

The information included in this section also includes information necessary to understand the development, results and situation of the group and the impact of its activity with respect to at least environmental and social issues, as well as issues relating to personnel, respect for human rights and the fight against corruption and bribery; all in accordance with the principles established in Royal Decree-Law 18/2017 of 24 November, amending the Code of Commerce, the revised text of the Law on Corporations approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, with regard to non-financial information and diversity.

In this sense, the basic pillars of our Quality, Environment and Health and Safety Policy are the following:

1. **Quality**. Prioritising quality, understood as the fulfilment of the customer's requirements and the satisfaction of a job well done, being able to meet their needs and expectations and anticipating possible changes, acting at all times with professionalism, ethics and transparency.

2. **Management System**. Establishing management systems based on continuous improvement and the setting of appropriate objectives to optimise performance.

3. **Mitigating Risks**. Identifying, evaluating, prioritising and mitigating the Health and Safety risks associated with the activities undertaken and the workplaces where they are carried out, with a preventive purpose.

4. **Health and Safety**. Prioritising and giving high visibility to Health and Safety practices at SOLARPACK, adequately informing workers about the risks they may be subjected to.

5. **Environment**. Preventing pollution and protecting the environment by identifying and minimising the environmental impact of our activities, with a sustainable use of resources and the best technologies and practices available.

6. **Compliance**. Guaranteeing compliance with applicable legislation, customer requirements and other minimum requirements that the company subscribes to in each and every country where SOLARPACK works.

7. **Employee participation**. Achieving the active and responsible involvement of all SOLARPACK employees, promoting personal development, teamwork and adequate training to facilitate their performance and participation in the continuous improvement of the Company's management.

8. **Contractor participation**. Involving our contractors in our commitment to quality, environment and health and safety, within the process of project implementation.

9. **Commitment**. Specific monitoring of this Policy through the Audit Committee of the Board of Directors of SOLARPACK.

The basic pillars of our Corporate Social Responsibility Policy are as follows:

1. **Compliance**. Complying with current legislation in the countries in which we operate, adopting, complementarily, international standards and guidelines where there is no adequate legal framework. No employee will knowingly collaborate with third parties in violation of any law, nor participate in any action that compromise the respect for this principle of legality.

2. **Human Rights**. Rights Statement and, in particular, those whose violation degrades to the workers collective, rejecting child and forced or compelled work.

3. **Favourable Labour Framework**. Developing a favourable framework for labour relations based on equal opportunities, non-discrimination and respect for diversity, promoting a safe and healthy work environment and facilitating communication between the human team of SOLARPACK.

4. **Integrity**. Reaffirming integrity as a one of the main principles of the SOLARPACK culture.

5. **Ethics**. Acting ethically in all our internal and external relationships. Avoiding conflicts of interest by treating them appropriately when they occur.

6. **Development**. Contributing to the development of social environments in which we operate respecting the signs of identity of the local communities and maintaining a permanent dialogue with all groups of interest, adding their expectations to projects.

7. **Social work**. Focusing our Social Work on meeting needs and promoting our values in the environments where our work centres, facilities and offices are located.

8. **Participation**. Involving collaborators in all activities derived from these values and commitments, by communicating, instructing and demanding compliance in all activities developed in Solarpack.

#### 2.2.1. Environment

The environmental impact of the Solarpack Group is reduced as it is active in the field of PV solar energy projects. As is widely known, this technology allows the generation of significant volumes of electrical energy using a renewable resource and free of harmful emissions to the environment. Our activity is therefore at the forefront of the fight against climate change, through the energy-mix investment of countries towards non-polluting sources.

However, when planning and building a new solar PV generation project, environmental considerations are of great importance and are present in the decision-making process on an ongoing basis.

Solarpack must pass strict environmental controls by public authorities prior to commencing construction on any solar PV project.

On a voluntary basis, the Company applies the "IFC Performance Standards" to projects located in developing countries as a tool for controlling and monitoring environmental and social risks in the construction of new solar PV generation plants. This tool is universally known in the project funding industry and fills the regulatory gap that many developing countries have, ensuring proper environmental and social management of projects in all cases.

Solarpack's capabilities and experience in this field are backed by project financing that has been implemented by rigorous multilateral institutions such as the IADB, CAF, Proparco and KfW.

### 2.2.2. Personnel

The Solarpack Group has a positive working environment and it can be said that the vast majority of its employees work with high motivation rates. Note 19.4 of the Individual Financial Statements details how personnel expenses are structured, as well as the distribution of the personnel.

As of 31 December 2019, the Company had 49 employees. The majority of our personnel (47%) work in service and administration areas, which include accounting, admin and general service activities.

This has meant a growth of 2.5% on the average balance of the number of people employed during the financial year 2018. The average cost per employee during fiscal year 2019 was 156,728 euros, including both salary concepts and social security expenses.

The Solarpack Group strives to maintain a cohesive group of employees located in over ten different countries. As such, several activities are carried out:

- A unified employee manual, so that all employees of the company have the same values and culture, as well as similar operating rules, always respecting the labour regulations of each country.
- A corporate communication platform that allows easy interconnection from any device connected to the Internet, with any employee of the company in their workplace, so that videoconferences and audioconferences can be made in a simple and economical way
- Regular company meetings in which a large majority of employees have the opportunity to meet personally, exchange experiences and align themselves with business objectives

The Employee Manual contains a Code of Integrity and Conduct that is assumed by each employee when they join the Solarpack Group. This code raises four simple questions to assess whether a given behaviour is in line with the principles of integrity. Likewise, a specific e-mail box is available for anonymous reports on behaviours within the company that do not comply with said principles of integrity.

The prevention of occupational risks is a very relevant aspect in construction, operating and maintenance activities. Therefore, in undertaking these activities, the company maintains high activity in the training and awareness of the employees, who are responsible for their own safety, as well as that of other subcontractors working at the facilities owned by the Solarpack Group. Access control, induction talks and the adequate supply of protection equipment is part of the day to day of our activity.

Solarpack's Board of Directors monitors and reviews all Health and Safety incidents and accidents in the Company on a quarterly basis. During both financial year 2017 and 2018, there were no accidents or incidents classified as fatal or serious. The latter terms are understood to mean employees having to take sick leave as a result of an accident.

## 3. Liquidity, capital resources.

### 3.1. Liquidity

Prudent liquidity risk management involves maintaining sufficient cash and the availability of financing through a sufficient amount of credit facilities. In this sense, the Solarpack Group's strategy is to maintain, through its financial department, the necessary flexibility in financing through the availability of credit lines.

Note 11 to the Individual Financial Statements shows Solarpack's cash and cash equivalents of the Solarpack Group at 31 December 2019, compared with 31 December 2018. This balance amounts to
2,149 thousand, having decreased by 79,831 thousand since the end of 2018, the main reason for this decrease being the investments made in 2019, as described in the section on investments.

Thus, the directors believe that the levels of cash and cash equivalents are sufficient for their operational needs and for their ambitious investment plan described in section 6 of this report.

Note 13 to the Individual Financial Statements shows the debt of the Solarpack Group at 31 December 2019, compared with 31 December 2018. The increase of 6,690 thousand euros in the level of debt at 31 December 2019 with respect to the level of debt at 31 December 2018 is due mainly to the increase in bank borrowings as a result of the construction work carried out during 2019, which was partially offset by lower non-current financial liabilities with ACE Renewable Holding USD, S.A.

Similarly, the increase was due to an increase in the heading "other financial liabilities" classified as
short term, arising from the debt with Axa Clean Energy Fund I.

In view of the above, the directors believe that there is no relevant liquidity risk.

### 3.2. Capital resources

The Group's objectives in relation to capital management are to safeguard the ability of the Group to continue as a going concern, to provide a return to its shareholders and to maintain an optimal capital structure by reducing capital costs.

The Company's equity at 31 December 2019 amounted to 161,380 thousand. This represents an increase of 17,222 thousand euros compared to 144,158 thousand euros at 31 December 2018. The increase was mainly due to the financial result for 2019.

This level of equity, when viewed in conjunction with liquidity and debt, shows that the Company is in an optimum situation to execute its ambitious investment plan referred to in section 6 of this report.

### 3.3. Analysis of contractual obligations and off-balance sheet transactions

In this regard, it should be noted that there are no investment commitments at 31 December 2019, although the information contained in heading 6 of this report should be considered for this purpose, with regard to the investment in new subsidiaries for the implementation of solar PV generation plants that the Group intends to build in 2020.

As regards contractual lease obligations, at 31 December 2019 and 2018 the Company only had operating lease agreements.

As regards off-balance sheet transactions, the vast majority correspond to guarantees and surety insurance linked to the various activities of the Solarpack Group's divisions. Note 23.5 to the Consolidated Financial Statements sets out information on the sum of these obligations. The division that requires the greatest number of guarantees for its activity is DEVCON. In this regard, it is common to need to provide guarantees or surety insurance in electricity supply tenders in order to obtain new PPAs or to request grid access points. Likewise, the construction activity requires guarantees that we provide as a turnkey builder, as a guarantee of the obligations to which we commit ourselves in the framework of EPC contracts. At 31 December 2019, the guarantees or surety insurance for works or services provided to customers and commercial guarantees amounted to approximately 31,595 thousand euros at 31 December 2019 (28,222 thousand euros at 31 December 2018).

## 4. Main risks and uncertainties.

### 4.1. Operational Risks

#### 4.1.1. Regulatory risk

The electricity generation activity is regulated in all the jurisdictions in which the Solarpack Group operates. Therefore, regulation can have a direct impact on the Group's income. Note 1.2 to the Consolidated Financial Statements contains an overview of the most relevant regulatory frameworks affecting the Group.

Regulatory risk can manifest itself in the following ways:

- In the POWGEN division
  - It may impact the income from power generation on those power generation assets that have a regulated selling price and thus reduce the dividends received from these direct or indirect investees. This is the case of the generation assets in Chile (PMGDs) and assets constructed in Spain between 2007 and 2011. Unfavourable changes in the regulations in either market could affect the average selling price of these assets.
  - New technical requirements or new taxes on generation could give rise to an increase in the operating costs of any asset that is adversely affected by regulatory changes of this nature.
- In the DEVCON division
  - If the regulations make the process of obtaining permits and licences for a project more expensive, for example by demanding greater investments in electricity interconnection work, the margins of our DEVCON division could be reduced.

In addition, any regulatory change that makes the use of solar PV technology in the generation market less attractive could result in lower growth possibilities for the industry and a lower volume of future business for our DEVCON segment.

- In the SVCS division, no significant regulatory risks are expected.

#### 4.1.2. Operational risk

Operational risk in the Solarpack Group's activities exists to the extent that the Group carries on industrial power generation activities at its POWGEN division and construction activities when the process of developing a project at its DEVCON division has been completed.

The operational risk lies in the impossibility of generating electricity or of completing work on a solar PV plant. In order to minimise these risks, the Solarpack Group takes the following measures:

- Insurance: the vast majority of the aforementioned operational risks can be insured. Thus, during both the operation and the construction of the solar PV solar plants the Group designs a complete insurance programme with insurers of acknowledged solvency in order to adequately cover these risks.
- Quality processes: the development company - all operation and maintenance processes suitable for those events not insurable breakpoints in generating power are minimal. Also, the Group keeps certain spare parts at plant so that generation outages can be resolved rapidly.

#### 4.1.3. Customers Concentration

The Solarpack Group operates at its POWGEN division with PPAs for the sale of electricity or with regulatory schemes that in many cases have a principal customer as the buyer of the power (100% in the case of PPAs with a single customer). As regards its DEVCON division, when the Group performs "Build&Sell" projects, high customer concentrations arise as a result of the volume of EPC contracts signed. The SVCS division generally generates less revenue, has greater customer dispersion than the other two divisions and is more stable from one period to the next and, therefore, it is not significant for the purpose of analysing the concentration of the Solarpack Group's customers. For further details, you can review the Consolidated Management Report. This concentration of customers may directly or indirectly affect the Company.

## 4.2. Financial risks

### 4.2.1. Market risk

#### 4.2.1.1. Interest rate risk

All of the Company's debt with credit institutions (corresponding to the credit lines) is referenced as a variable rate. However, given its the purpose, linked to project construction, it is not considered a relevant risk for the Company.

#### 4.2.1.2. Exchange rate risk.

At 31 December 2019, the Solarpack Group had not arranged any exchange rate hedging instruments. With respect to the Indian rupee-euro exchange rate hedge to cover the exchange rate risk on the equity invested in the solar plants located in Telangana, India, which have their long-term power sale contracts in Indian rupees, the Solarpack Group is evaluating its agreements pending normalisation of liquidity in the Indian rupee-euro futures markets.

#### 4.2.1.3. Financial instrument price risk

The Company's exposure to risk regarding the price of equity securities is zero because no investments held by the Solarpack and classified in the consolidated balance sheet as available-for-sale or at fair value through profit or loss are available.

### 4.2.2. Credit risk

The credit risk arising from cash and cash equivalents and deposits with banks and financial institutions is considered to be insignificant due to the credit quality of the banks with which the Company operates, or cash equivalent securities in which there is investment.

With regard to the credit risk relating to receivables, it is not considered that there is a high credit risk since these are mainly Group companies and associates.

The main credit risks are in the Operation and Maintenance, and Asset Management activities in Spain, given that the customers of these activities are companies affected by the reduction in remuneration to solar generators. However, all of these customers have stable cash flow and their long-term non-recourse senior debt contracts stipulate that payment of operating expenses is a priority over debt repayment, precisely to keep assets operating and generating cash.

### 4.2.3. Liquidity risk

Liquidity risk is addressed in detail in section 3.1, Liquidity.

## 5. Important circumstances occurring after year-end

After year-end, there have been changes in the Board of Directors: On 15 January 2020, the Solarpack Group announced the decision to appoint Mr Ignacio Artázcoz Barrena as the new executive chairman of the company, an appointment that will take effect at the end of the 2020 GSM. Since his incorporation on 15 February 2020, Mr. Ignacio Artázcoz Barrena has shared executive tasks with the co-founder and CEO, Mr Pablo Burgos Galíndez. Mr José Galíndez Zubiría, co-founder and chairman of the Company since 2005, will continue to be linked to Solarpack as vice-chairman of the Board and president of the new strategy and investment committee.

Similarly, on 15 January 2020, the Board of Directors decided to appoint Ms Begoña Beltrán de Heredia chairwoman of the Audit Committee and she continues to be a member of the Appointments and Remuneration Committee. Furthermore, it also decided to appoint Ms Gina Domanig chairwoman of the Appointments and Remuneration Committee, new member of the Audit Committee and member of the new Strategy and Investment Committee.

In addition, the Board of Directors decided to propose to the 2020 GSM an increase in the number of directors to eight, the appointment of a new independent director and the election of a coordinating director from among the independent directors.

## 6. Information on the foreseeable development of the entity

Following the capital increase that took place in December 2018 with the company's IPO, the Solarpack Group has focused its efforts in 2019 on executing the projects that were classified as Backlog, or contracted portfolio, at the beginning of the year.

Thus, the company has put into operation in 2019 a total of 186 MW in Spain, Chile and India, 165 of which are in Build&Own projects. These projects correspond to Tricahue, Bellavista, KA2 (53 MW), Monclova and Grullas.

In addition, at 31 December 2019, 301 MW were under construction, 123 MW of which correspond to the Build&Own Granja project, which is finalising its interconnection tests at the date of this report. The remaining projects under construction, totalling 178 MW, will come into operation during 2020.

The culmination of this portfolio is leading to a major transformation of the company, in terms of volume of activity and growth in the volume of energy generation.

The company continues to focus on the growth of its project portfolio, and as a result has achieved a volume of Build&Own and Build&Sell project contracts in 2019 that offer very good visibility of business acquisition over the next 18 months. Specifically, during 2019, the Company has generated 215 MW of new backlog or contracted portfolio, with the signing of two turnkey construction contracts (EPC) for third parties in Spain totalling 99 MW and the award of a long-term power purchase agreement (PPA) for a project under development of 116 MW in Malaysia. Two of these projects are already under construction in Spain.

The objectives of the Company during the period January 2020 to December 2020 entail the following milestones:

- Continuous improvement in the operation of (i) POWGEN's operating assets and (ii) SVCSs existing contracts.
- Releasing financial resources through the refinancing of long-term loans in those projects that have the capacity to attract additional debt in the form of project financing, without recourse to the parent company of the Solarpack Group.
- Completing the construction of:
  - Two PV solar plants located in Spain for a total of 100 MW of installed power under the Build&Sell mode, for which it has already signed EPC and share purchase agreements with a third party and which are already under construction.
  - A PV solar plant located in Chile with a total of 123 MW of installed capacity in Build&Own mode. This PV solar plant will benefit from the PPAs that the

Solarpack Group has formalised with regulated electricity distributors in Chile following the contract award in the renewable energy auction held by the Chilean government in 2016 and in which Solarpack was awarded rights to sell up to 280 GWh per year for a period of 20 years starting on 1 January 2021.

- Two PV solar plants located in Spain with a total of 99 MW of installed capacity in Build&Own projects for third parties.
- Two PV solar plants located in Chile with a total of 21 MW of installed power under the Build&Sell category, for which it has already signed EPC and share purchase agreements with a third party. These contracts are subject to the suspensive condition of completing the attainment of permits and authorisations that allow construction to start.

- Making substantial progress in the construction of:
- A total of 120 MW of new projects.
- Continue the pace of backlog generation in order to ensure the activity of the DEVCON division in 2021 and beyond.
- Reinforcing processes of the company in the areas of Health and Safety, Environmental, Social and Corporate Governance.

The culmination of these objectives will allow the Group and the Company to have:

- a significant volume of cash generated by POWGEN's energy production.
- a significant volume of cash generated by DEVCON's activities, both in Build&Sell and Build&Own projects.
- a significant volume of cash released by the processes of refinancing long-term debt.
- a high investment to provide the equity required by the SPVs of the new Build&Own facility in Malaysia.

This Solarpack Management Report contains certain forward-looking information that reflects the plans, forecasts or estimates of the Company's directors, which are based on assumptions that are considered reasonable by them. However, the user of this report should bear in mind that forward-looking information should not be regarded as a guarantee of an entity's future performance, in the sense that such plans, forecasts or estimates are subject to numerous risks and uncertainties that imply that the entity's future performance need not be the same as originally foreseen. These risks and uncertainties are described throughout the management report, mainly, but not exclusively, in the section on the main risks and uncertainties faced by the entity.

## 7. RD&I Activities

The Solarpack Group has always given relevance to the knowledge of new technologies in solar PV generation and other complementing technologies. Our activity is not manufacturing, but system integration. In this sense, the company pursues the knowledge of innovative technologies that can increase competitiveness of its future projects, as a guarantee of the future growth of the Group.

In 2019, the company focused its efforts on the following lines of R&D&I.

- Operation and maintenance:
  - Development of an IP radio link at the Granja Solar plant in Chile: Solarpack's PV solar plants are often located in remote locations. This is often a challenge for plant communications with the outside as well as within the plant. The Granja plant, located in the middle of the Atacama Desert, is far from mobile phone signals. Therefore, in spite of having an internet link, communication from the Solarpack control centre (hereinafter referred to as the "ROC") with the operators was impossible by mobile phone when they were in the field. Thus, the Solarpack operating and maintenance team has devised and implemented a radio-IP system that enables radio-IP talk from anywhere within the plant's 400-plus ha of surface area with the ROC. This allows us to react to possible incidents much faster and more agile in a plant with of extensive size.
  - Module cleaning automation: the SVCS business unit has adopted an automatic module cleaning system in some of its PV solar plants, which allows for hybrid

dry and water cleaning. The system is being tested and is expected to provide significant efficiencies in this important activity in order to maximise plant production.

- Osmosis Plant: the purity of the water for cleaning plants is fundamental. Due to the remote location of some of Solarpack's plants, it is sometimes difficult to find suppliers capable of delivering water to the standards required by Solarpack's operation and maintenance teams. Thus, in Chile it has been decided to install an osmosis plant for which the process of acquiring equipment has already begun.

- Storage committee. Electric storage systems using batteries are a novelty that can bring about important changes in how the solar PV plants of the future are designed on an industrial scale. This committee meets monthly to analyse the new developments in the battery market, evaluate business models in the field of battery system use and propose R&D&I investments as indicated in the previous point.
- DEVCON:
  - In 2019, the pilot installation located at the Pozo Almonte Solar 1 PV solar plant in Chile (already in operation) was completed. The installation, which features PV solar module technologies such as PERC or bifacial modules, is now fully operational.
  - In the DEVCON division, work is being done on the processing of permits and licenses for two projects, on an industrial scale, for the integration of battery systems with solar PV generation, with the aim to:
    - run one of them as a pilot installation, with a total of 3 MW of installed power.
    - Prepare the second to offer PPA contracts exceeding the generation time limitations of solar PV.

## 8. Acquisition and disposal of own shares

Not applicable.

## 9. Other relevant information

### 9.1. Dividend Policy

Solarpack intends to reinvest the cash generation in new project developments that will allow the company's business to grow in the medium to long term and thus increase the share value. Therefore, Solarpack does not expect to pay dividends in the next three years. Once this period with growth visibility has ended, the company will analyse the growth opportunities and reassess the dividend policy.

## IDENTIFICATION DETAILS OF THE ISSUER

End of Reporting Period: 31/12/2019

Corporate Tax Number (CIF): A95363859

Registered Name:

**SOLARPACK CORPORACION TECNOLOGICA, S.A.**

Registered Address:

AVENIDA DE ALGORTA, 16-3º (GETXO) VIZCAYA

A. OWNERSHIP STRUCTURE

A.1. Complete the following table about the share capital of the company:

| Date of last change | Share capital (€) | Number of shares | Number of voting rights |
|---|---|---|---|
| 20/12/2018 | 13,301,204.80 | 33,253,012 | 33,253,012 |

State whether or not there are different classes of shares with different associated rights:
[ ] Yes
[ √ ] No

A.2. Provide a breakdown of the direct and indirect holders of significant shareholdings as of the end of the financial year, excluding directors:

| Individual or company name of shareholder | % voting rights attributed to the shares | | % voting rights through financial instruments | | % total voting rights |
|---|---|---|---|---|---|
| | Direct | Indirect | Direct | Indirect | |
| CARMEN YBARRA CAREAGA | 0.00 | 6.34 | 0.00 | 0.00 | 6.34 |
| SANTANDER ASSET MANAGEMENT, S.A., SGIIC | 0.00 | 5.35 | 0.00 | 0.00 | 5.35 |
| EDM GESTION S.A. SG.I.I.C | 0.00 | 3.62 | 0.00 | 0.00 | 3.62 |
| ANTONIO GALÍNDEZ ZUBIRÍA | 0.00 | 3.55 | 0.00 | 0.00 | 3.55 |

Details of the indirect shareholding:

| Name or company name of the indirect holder | Name or company name of the direct holder | % voting rights attributed to the shares | % voting rights through financial instruments | % total voting rights |
|---|---|---|---|---|
| CARMEN YBARRA CAREAGA | ONCHENA SL | 6.34 | 0.00 | 6.34 |
| SANTANDER ASSET MANAGEMENT, S.A., SGIIC | SANTANDER SMALL CAPS ESPAÑA, FI | 3.02 | 0.00 | 3.02 |

| Name or company name of the indirect holder | Name or company name of the direct holder | % voting rights attributed to the shares | % voting rights through financial instruments | % total voting rights |
|---|---|---|---|---|
| ANTONIO GALÍNDEZ ZUBIRÍA | LANDA LLC | 3.01 | 0.00 | 3.01 |
| ANTONIO GALÍNDEZ ZUBIRÍA | SOLARPACKPROMO 2007 NOVENTA, S.L. | 0.54 | 0.00 | 0.54 |

State the most significant changes in the shareholding structure that have occurred during the financial year:

| Most significant changes |
|---|

The indirect shareholding of Mr Antonio Galíndez was included as a significant shareholding on stepping down as a director of the Company in January 2019.

A.3 Complete the following tables about members of the board of directors of the company who have voting rights regarding attached shares of the company:

| Individual or company name of director | % voting rights attributed to the shares | | % voting rights through financial instruments | | % total voting rights | % voting rights that can be transferred through financial instruments | |
|---|---|---|---|---|---|---|---|
| | Direct | Indirect | Direct | Indirect | | Direct | Indirect |
| MR JOSÉ GALÍNDEZ ZUBIRÍA | 0.00 | 48.75 | 0.00 | 0.00 | 48.75 | 0.00 | 0.00 |
| MR PABLO BURGOS GALINDEZ | 0.00 | 9.66 | 0.00 | 0.00 | 9.66 | 0.00 | 0.00 |
| MR IGNACIO ARTAZCOZ BARRENA | 0.11 | 0.00 | 0.00 | 0.00 | 0.11 | 0.00 | 0.00 |
| MR RAFAEL CANALES ABAITUA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total percentage of voting rights held by the Board of Directors | | | | | | | 58.52 |

Details of the indirect shareholding:

| Individual or company name of director | Name or company name of the direct holder | % voting rights attributed to the shares | % voting rights through financial instruments | % total voting rights | % voting rights that can be transferred through financial instruments |
|---|---|---|---|---|---|
| MR JOSÉ GALÍNDEZ ZUBIRÍA | BERAUNBERRI SL | 48.75 | 0.00 | 48.75 | 0.00 |
| MR PABLO BURGOS GALINDEZ | BURGEST 2007 SL | 9.66 | 0.00 | 9.66 | 0.00 |

Taking into account the direct participation of Mr Rafael Canales Abaitua, equivalent to 0.002% of the total share capital of the Company, the total shares directly or indirectly controlled by the directors is 58.517%. It should also be noted that Mr Rafael Canales holds the position of Proprietary Director, representing Onchena, S.L., which, in turn, is a shareholder of the Company with an additional 6.584% of the share capital.

A.4. State, if applicable, the family, commercial, contractual, or corporate relationships between significant shareholders, insofar as they are known to the company, unless they are immaterial or result from the ordinary course of business, except those that are reported in section A.6:

| Related individual or company name | Type of relationship | Brief description |
|---|---|---|
| No details | | |

A.5. State, if applicable, the commercial, contractual, or corporate relationships between significant shareholders and the company and/or its group, unless they are immaterial or result from the ordinary course of business:

| Related individual or company name | Type of relationship | Brief description |
|---|---|---|
| No details | | |

A.6. Describe the relationship, unless it is of little relevance to both parties, that exists between significant shareholders or representatives on the Board of Directors, or their representatives, in the case of legal person directors.

Explain, where applicable, how significant shareholders are represented. Specifically, any directors who have been appointed on behalf of significant shareholders, those whose appointment was encouraged by significant shareholders, or who are related to significant shareholders and/or entities in their group, specifying the nature of such relationships, shall be indicated. In particular, mention shall be made, where appropriate, of the existence, identity and position of members of the Board, or representatives of directors, of the listed company, who are, in turn, members of the management body, or their representatives, in companies which hold significant shareholdings in the listed company or in group entities of these significant shareholders:

| Individual or company name of the related director or representative | Individual or company name of related significant shareholder | Company name of the group company of the significant shareholder | Description of relationship/position |
|---|---|---|---|
| MR ANTONIO GALÍNDEZ ZUBIRÍA | MR ANTONIO GALÍNDEZ ZUBIRÍA | LANDA LLC | Mr Antonio Galíndez Zubiría, a director of the Company until 25 January 2019, is a director of the US company Landa LLC, which holds 3.007% of the share capital, and of Solarpack Promo2007 Noventa, S.L., which holds 0.543%. |
| MR JOSÉ GALÍNDEZ ZUBIRÍA | MR JOSÉ GALÍNDEZ ZUBIRÍA | BERAUNBERRI SL | Mr José Galíndez Zubiria is the chairman of the Board of Directors of Beraunberri SL, direct holder of 48.75% of the share capital |
| MR PABLO BURGOS GALINDEZ | MR PABLO BURGOS GALINDEZ | BURGEST 2007 SL | Mr Pablo Burgos, CEO of the Company, holds 9.656% of the shares in the Company through the company, Burgest 2007, S.L., in which he does not hold any position on its governing body. |
| MR RAFAEL CANALES ABAITUA | MS CARMEN YBARRA CAREAGA | ONCHENA SL | Mr Rafael Canales Abaitua is the CEO of Onchena, S.L., which owns 6.584% of the Company's share capital. |

| Individual or company name of the related director or representative | Individual or company name of related significant shareholder | Company name of the group company of the significant shareholder | Description of relationship/position |
|---|---|---|---|
| MS INÉS ARELLANO GALÍNDEZ | MR JOSÉ GALÍNDEZ ZUBIRÍA | BERAUNBERRI SL | Mr José Galíndez Zubiría and Ms Inés Arellano Galíndez are second-degree relatives (uncle and niece, respectively). |

On 25 January 2019, the Board of Directors of the Company accepted the resignation of Mr Antonio Galíndez Zubiría and it appointed, through co-option,
Mr Rafael Canales Abaitua, CEO of Onchena, S.L., which owns 6,584% of the Company's share capital.

A.7. State whether any private shareholders' agreements (*pactos parasociales*) affecting the company pursuant to the provisions of Articles 530 and 531 of the Companies Act (*Ley de Sociedades de Capital*) have been reported to the company. If so, briefly describe them and list the shareholders bound by the agreement:

[ ] Yes
[ √ ] No

State if the company is aware of the existence of concerted actions among its shareholders. If so, briefly describe them:

[ ] Yes
[ √ ] No

Expressly state whether or not any of such agreements, arrangements or concerted actions have been modified or terminated during the financial year:

A.8. State whether there is any individual or legal entity that exercises or may exercise control over the company pursuant to section 5 of the Securities Market Act (*Ley del Mercado de Valores*). If so, identify it:

[ ] Yes
[ √ ] No

A.9. Complete the following tables about the company’s treasury shares:

As of year-end:

| Number of direct shares | Number of indirect shares (*) | Total % of share capital |
|---|---|---|
| | | 0.00 |

(*) Through:

| Individual or company name of direct holder of the interest | Number of direct shares |
|---|---|
| No details | |

A.10. Describe the conditions and duration of the powers currently in force given by the shareholders to the board of directors in order to issue, repurchase or transfer own shares of the company:

The following resolutions were approved at the General Shareholders' Meeting held on 29 March 2019:
"1.- Leaving without effect the resolution adopted at the General Shareholders' Meeting on 2 November 2018 insofar as elements not implemented, to authorise the Company so that, directly or through any of its subsidiary companies and for a maximum period of five (5) years from the date of this General Shareholders' Meeting, it may acquire shares in Solarpack Corporación Tecnológica, S.A., at any time and as often as deemed appropriate, by any means permitted by law, including through use of the profits for the year or unrestricted reserves, in accordance with Article 146 and related provisions of Law on Capital Companies.

2.- Leaving without effect the resolution adopted at the General Shareholders' Meeting held on 2 November 2018 insofar as elements not implemented, to authorise the Company to proceed with the disposal to any third party or to subsequently redeem any of its own shares acquired by virtue of this authorisation or the authorisations granted by the previous General Shareholders' Meeting, all in accordance with Article 146 and related provisions of the Law on Capital Companies. To delegate to the Board of Directors the execution of the resolutions to dispose of the Company's treasury shares at any time.

3.- To approve the conditions of these acquisitions, which shall be as follows:(a) that the nominal value of the shares acquired directly or indirectly, adding to those already held by the acquiring company and its subsidiaries, and, where applicable, the parent company and its subsidiaries, does not exceed ten percent (10%) of the share capital of Solarpack Corporación Tecnológica, S.A., respecting at all times the limitations
established for the acquisition of its own shares by the regulatory authorities of the markets where the shares of Solarpack Corporación Tecnológica, S.A. are listed; (b) that the acquisition, including the shares that the Company, or persons acting in their own name but on behalf of the Company, had previously acquired and held in the portfolio, does not lead to the equity falling below the share capital and the legal or statutory reserves that are unavailable. For this purpose, the following shall be considered as equity
the amount categorised as such in accordance with the criteria for drawing up the Financial Statements, reduced by the sum of the profits directly attributed to it, and increased by the sum of the subscribed unrequired share capital, as well as the amount of the nominal value and the issue premiums of the subscribed capital recorded as liabilities in the statements; (c) that the acquisition price is not less than the nominal value or more than ten percent (10%) of the quoted value of the shares on the date of their acquisition or, in the case of derivatives, on the date of the agreement formalising the acquisition. The transactions to acquire treasury shares shall comply with the rules and customs of the securities markets;(d) that a restricted reserve, equivalent to the amount of treasury shares entered under assets, shall be established in the equity. This reserve must be maintained until the shares are disposed of.

4.- It is expressly authorised that the shares acquired by Solarpack Corporación Tecnológica, S.A., directly or through its subsidiaries, using this authorisation, may be used in whole or in part for allocation to the Company's workers, employees or directors, when there is a recognised right, either directly or as a result of the exercise of option rights held by them, for the purposes set out in the last paragraph of Section 1(a) of Article 146 of the Law on Capital Companies."

A.11. Estimated free float:

| | % |
|---|---|
| Estimated free float | 22.62 |

A.12. State whether there are any restrictions (statutory, legislative or of any kind) on the transfer of securities and/or any restrictions on voting rights. In particular, state whether there are any type of restrictions that may hinder the takeover of the company by means of the acquisition of its shares on the market, as well as any systems regarding prior authorisation or communication which, regarding the acquisitions or transfers of the company's financial instruments, are applicable to it by sectorial regulations.

[ ] Yes
[ √ ] No

A.13. State whether or not the shareholders acting at a general shareholders' meeting have approved the adoption of breakthrough measures in the event of a takeover bid pursuant to the provisions of Law 6/2007.

[ ] Yes
[ √ ] No

If applicable, explain the approved measures and the terms on which the restrictions will become ineffective:

A.14. State whether or not the company has issued securities that are not traded on an EU regulated market.

[ ] Yes
[ √ ] No

If applicable, specify the different classes of shares, if any, and the rights and obligations attached to each class of shares:

## B. GENERAL SHAREHOLDERS' MEETING

B.1. State and, if applicable, describe whether or not there are differences with the minimum requirements set out in the Companies Act (LSC) regarding the quorum needed to hold a general shareholders' meeting:

[ ] Yes
[ √ ] No

B.2. State and, if applicable, describe any differences from the rules set out in the Companies Act for the adoption of corporate resolutions:

[ ] Yes
[ √ ] No

B.3. State the rules applicable to the amendment of the by-laws of the company. In particular, disclose the majorities provided for amending the by-laws, and any rules provided for the protection of the rights of the shareholders in the amendment of the by-laws.

The regulations applicable to the amendment of the Company's Articles of Association are set out in the Law on Capital Companies. The articles of association do not contain rules for the protection of shareholders or majorities different from those under the Law on Capital Companies.

B.4. State the data on attendance at the general shareholders' meetings held during the financial year referred to in this report and those of the two previous financial years:

| | Attendance data | | | | |
|---|---|---|---|---|---|
| Date of General Shareholders' Meeting | | | % absentee voting | | |
| | % of shareholders present in person | % of shareholders represented by proxy | Electronic voting | Other activities | Total |
| 29/03/2019 | 58.98 | 27.36 | 0.00 | 0.00 | 86.34 |
| Of which free float | 0.00 | 5.35 | 0.00 | 0.00 | 5.35 |

B.5. State whether at the general meetings held throughout the year there were any items on the agenda that, for any reason, were not approved by the shareholders:
[ ] Yes
[ √ ] No

B.6. State whether or not there are any by-law restrictions requiring a minimum number of shares to attend the general shareholders' meeting, or to vote remotely:
[ ] Yes
[ √ ] No

B.7. State whether it has been established that certain decisions, other than those established by law, which involve the acquisition, disposal or contribution of essential assets to another company or other similar corporate operations, must be subject to the approval of the General Shareholders' Meeting:
[ ] Yes
[ √ ] No

B.8. State the address and method for accessing the company's website to access information regarding corporate governance and other information regarding general shareholders' meetings that must be made available to the shareholders through the Company's website:

The website to access information regarding corporate governance and other information regarding general shareholders' meetings is https://www.solarpack.es/accionistas-e-inversores/informacion-corporativa/informacion-contacto-la-compania-oficina-del-accionista/

## C. STRUCTURE OF THE COMPANY'S MANAGEMENT

C.1. Board of Directors

C.1.1. Minimum and maximum number of directors provided for in the Articles of Association and the number set by the General Meeting:

| | |
|---|---|
| Maximum number of directors | 15 |
| Minimum number of directors | 5 |
| Number of directors set by the General Meeting | 7 |

C.1.2. Complete the following table identifying the members of the board:

| Individual or company name of director | Representative | Category of director | Position on the Board | Date of first appointment | Date of last appointment | Election procedure |
|---|---|---|---|---|---|---|
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | | Independent | DIRECTOR | 09/08/2018 | 09/11/2018 | GENERAL SHAREHOLDERS' MEETING AGREEMENT |
| MR JOSÉ GALÍNDEZ ZUBIRÍA | | Proprietary | CHAIRMAN | 01/04/2005 | 09/11/2018 | GENERAL SHAREHOLDERS' MEETING AGREEMENT |
| MR PABLO BURGOS GALINDEZ | | Executive | CEO | 12/05/2006 | 09/11/2018 | GENERAL SHAREHOLDERS' MEETING AGREEMENT |
| MR IGNACIO ARTAZCOZ BARRENA | | Independent | VICE-CHAIRMAN | 09/08/2018 | 09/11/2018 | GENERAL SHAREHOLDERS' MEETING AGREEMENT |
| MS INÉS ARELLANO GALÍNDEZ | | Proprietary | DIRECTOR | 09/08/2018 | 09/11/2018 | GENERAL SHAREHOLDERS' MEETING AGREEMENT |
| MS GINA DOMANIG | | Independent | DIRECTOR | 09/11/2018 | 09/11/2018 | GENERAL SHAREHOLDERS' MEETING AGREEMENT |

| Individual or company name of director | Representative | Category of director | Position on the Board | Date of first appointment | Date of last appointment | Election procedure |
|---|---|---|---|---|---|---|
| MR RAFAEL CANALES ABAITUA | | Proprietary | DIRECTOR | 25/01/2019 | 29/03/2019 | CO-OPTION |

| | |
|---|---|
| Total number of directors | 7 |

State any resignations, dismissals or vacancies that have occurred for any other reason on the Board of Directors during the reporting period:

| Individual or company name of director | Class of director at time of vacancy | Date of last appointment | Date of vacancy | Specialist Committees of which he/she was a member | Indicate whether the resignation/dismissal took place before the end of the term of office |
|---|---|---|---|---|---|
| MR ANTONIO GALÍNDEZ ZUBIRÍA | Proprietary | 09/11/2018 | 25/01/2019 | Antonio Galíndez was a member of the Audit Committee and the Appointments and Remuneration Committee. | YES |

**Reason for resignation/dismissal and other observations**

On 25 January 2019, the Board of Directors accepted the resignation of Mr Antonio Galíndez Zubiría. On said date, the Board of Directors appointed, through co-option, Mr Rafael Canales Abaitua as the new proprietary director. On the same date, 25 January 2019, the Company's Board of Directors appointed the director, Mr Ignacio Artazcoz, as the new vice-chairman.

C.13. Complete the following tables about the members of the Board and each member's status:

| EXECUTIVE DIRECTORS | | |
|---|---|---|
| Individual or company name of director | Position within the company's structure | Profile |
| MR PABLO BURGOS GALINDEZ | CEO | Pablo Burgos Galindez, co-founded the Company with Jose Maria Galindez in April 2005. He is currently the CEO of the Company, a position he has held since 12 May 2006. Prior to co-founding the Company, Mr Burgos held executive positions at Accenture (1994-1996), at Pepsico Group (1996-2000), at Loop Telecom (2000-2001) and at Guascor Group (2002 until he joined the Company). In these companies, Mr Burgos held positions of responsibility in the areas of business development, sales and marketing, logistics and general management. Mr Burgos has been a member of the Board at Unión Española Fotovoltaica (UNEF) and is currently a member of the Basque Business Circle (CEV). |

| EXECUTIVE DIRECTORS |
|---|

| Individual or company name of director | Position within the company’s structure | Profile |
|---|---|---|
| | | In 2017, Mr Burgos and Mr José María Galíndez were awarded the EY Emerging Entrepreneurs of the Year Award in Spain, as part of the EY-sponsored Entrepreneurship Programme worldwide. Mr Burgos has a degree in Economics and Business Administration from the Universidad Comercial de Deusto. |

| | |
|---|---|
| Total number of executive directors | 1 |
| Total % of the board | 14.29 |

With effect from 15 February 2020, on 15 January 2020, Mr Ignacio Artázcoz was appointed executive director. It was also agreed that at the end of the next Shareholders' General Meeting, Mr Ignacio Artázcoz will hold the position of chairman of the Board of Directors with executive functions.

| EXTERNAL PROPRIETARY DIRECTORS | | |
|---|---|---|
| Individual or company name of director | Individual or company name of the significant shareholder represented by the director or that has proposed the director’s appointment | Profile |
| MR JOSÉ GALÍNDEZ ZUBIRÍA | BERAUNBERRI SL | José María Galíndez co-founded the Company with Pablo Burgos in April 2005. He currently holds the position of chairman of the Board of Solarpack. Prior to co-founding the Company, he worked (2002-2004) as a CEO of the Guascor Group, a Spanish engineering and energy company that was acquired by the Dresser- Rand Group, which was subsequently acquired by Siemens.<br><br>Prior to Guascor Group, Mr Galindez was chairman of Sulzer Chemtech and a member of the executive board of the Sulzer Group, where he held several executive positions between 1986 and 2001. His career has focused primarily on the industrial capital goods sector, specialising in compression, power generation and mass transfer in the Oil & Gas business. Mr Galíndez holds a degree in Naval Engineering from the Universidad Politécnica de Madrid and completed the IESE's Graduate Programme in General Management. Mr Galindez was a founding member and first president of the Spanish Wind Energy Association (Asociación Eólica Española - AEE), a member of the Board of the Photovoltaic Industry Association (ASIF) and a founding member and board member of the Spanish Photovoltaic Union (UNEF). He has been a member of the Council of the Alliance for Rural Electrification (ARE) and currently holds the position of vice-president of the Basque Business Circle (CEV). Mr Galindez is also the founder and chairman of the board of the EKI Foundation, a non-profit organisation focused on financing and the supply of small, off-grid solar photovoltaic installations to schools and health centre in sub-Saharan Africa and South America. |

| EXTERNAL PROPRIETARY DIRECTORS |
|---|

| Individual or company name of director | Individual or company name of the significant shareholder represented by the director or that has proposed the director's appointment | Profile |
|---|---|---|
| | | |
| MS INÉS ARELLANO GALÍNDEZ | BERAUNBERRI SL | Ms Inés Arellano was appointed as a director of the Company in August 2018. She is currently a member of the executive committee of MERLIN Properties (MRL.MC), a Spanish company on the IBEX-35.<br>Ms Arellano has over 14 years of experience in the real estate business, having held positions such as a manager at Morgan Stanley Real Estate Private Equity and Investment Banking, from where she participated in IPOs, mergers and other real estate transactions in several countries. She has a degree in Business Administration and Management, specialising in finance and administration, from the Universidad Comercial de Deusto. |
| MR RAFAEL CANALES ABAITUA | ONCHENA SL | Mr Rafael Canales was appointed to the Board of Directors of the Company on 25 January 2019. He is currently the CEO of Onchena, S.L., a family holding company dedicated to business shares. Mr Canales has undertaken his professional career in the financial sector. Since 2001, he has held several management positions in the area of wealth management, first in Consulnor Servicios Financieros and later in Banca March after the latter acquired Consulnor. Previously, he worked in Corporate Banking in Argentaria - BBVA and in Manufacturers Hanover Trust Co., (currently J.P. Morgan). In the field of teaching, he has been a professor of Banking, International Financing and Financial Management at ICADE (Universidad Pontificia de Comillas). Mr Canales has a degree in Economics and Business Administration from the Universidad Comercial de Deusto. He has post-graduate studies from the School of Industrial Organisation and a Managerial Development Programme from IESE. |

| | |
|---|---|
| Total number of proprietary directors | 3 |
| Total % of the board | 42.86 |

| EXTERNAL INDEPENDENT DIRECTORS | |
|---|---|
| Individual or company name of director | Profile |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | Ms Begoña Beltrán de Heredia was appointed as a director of the Company in August 2018.<br>Prior to this, from 1997-2016, she worked in tax practice at Garrigues in San Sebastian and, previously, from 1985-1997, in tax practice at Arthur Andersen. Throughout her career, Ms Beltrán de Heredia has gained extensive experience in providing specialised advisory services in the areas of tax, mergers and acquisitions, due diligence process, in regional tax standard issues and in tax procedures and inspections. Ms Begoña Beltrán de Heredia has advised local and international companies in various industries and financial institutions, both for family businesses and for listed companies. Ms Beltrán de Heredia has a degree in Economics and Business Administration from the Universidad Comercial de Deusto. |
| MR IGNACIO ARTAZCOZ BARRENA | Mr Ignacio Artázcoz was appointed a director of the Company in 2018. During his career, Mr Ignacio Artázcoz has mainly served listed companies with a global presence in the energy, renewable and industrial sectors. He has gained his international experience in the corporate finance area, including variable (such as IPOs) and fixed income (such as investment grade bond issues), corporate financing operations and the execution of strategic merger and acquisition transactions. From 2017 to February 2020, Mr Ignacio Artázcoz has been the CFO of Nortegas. Previously, Mr Ignacio Artázcoz worked as CFO at Gamesa Corporación Tecnológica (from 2014-2017) and at CIE Automotive (from 2001-2014). Mr Ignacio Artázcoz previously worked in investment banking and consulting for Goldman Sachs and Accenture. He came first in the "Institutional Investor 2017 All-Europe Executive Team" survey within the capital goods industry (Small-Mid Caps), as Best Financial Director. Mr Ignacio Artázcoz has a degree in Economics and Business Administration from the Universidad Comercial de Deusto. |
| MS GINA DOMANIG | Ms Gina Domanig was appointed as a director of the Company in August 2018. She is the founder and managing partner of Emerald Technology Ventures, a venture capital firm focused on investments in energy, water, advanced materials and industrial IT in North America and Europe. In her role at Emerald Technology Ventures, Ms Gina Domanig serves on the boards of the following companies: GeoDigital International Inc, a provider of geospatial intelligence for electric utilities; Spear Power Systems Ltd, dedicated to lithium-ion battery storage systems; Urgently Limited, a digital roadside assistance platform; TaKaDu Inc, a leading provider of centralised event management solutions for water utilities and Ushr Inc, a high-definition mapping company for the autonomous driving sector. In addition to her duties at Emerald, Ms Domanig is a Board member of the following companies: Die Mobiliar Genossenschaft, board member and chairwoman of the Appointments and Remuneration Committee of U-blox AG; board member of the Basel Agency for Sustainable Energy and board member of the Energy Venture Forum. Ms Domaning has over 30 years of experience in international business, including mergers and acquisitions, strategy development and venture capital. Prior to joining Emerald, she was a senior vice-president at the Swiss multinational Sulzer, where she was responsible for strategic planning, mergers and acquisitions. |

| EXTERNAL INDEPENDENT DIRECTORS | |
|---|---|
| Individual or company name of director | Profile |
| | Ms Gina Domanig holds an MBA from Thunderbird in Arizona and ESADE in Barcelona. She speaks English, German and Spanish. She is a Swiss and French citizen, residing in Zurich, Switzerland. |

| | |
|---|---|
| Total number of independent directors | 3 |
| Total % of the board | 42.86 |

State whether or not any director classified as independent receives from the company or its group any amount or benefit for items other than director remuneration, or maintains or has maintained during the last financial year a business relationship with the company or with any company of its group, whether in the director's own name or as a significant shareholder, director or senior officer of an entity that maintains or has maintained such relationship.

If applicable, include a reasoned statement of the director regarding the reasons for which it is believed that such director can carry out the duties thereof as an independent director.

| Individual or company name of director | Description of the relationship | Reasoned statement |
|---|---|---|
| No details | | |

Following the appointment of Mr Ignacio Artázcoz as executive director, effective 15 February 2020, the Board of Directors will propose at the next Ordinary General Shareholders' Meeting, to be held during the first half of the current year, the appointment of a new independent director.

| **OTHER EXTERNAL DIRECTORS** | | | |
|---|---|---|---|
| Identify the other external directors and describe the reasons why they cannot be considered proprietary or independent directors as well as their ties, whether with the company, its management or its shareholders: | | | |
| Individual or company name of director | Reasons | Company, officer or shareholder with which the director has ties | Profile |
| No details | | | |

| | |
|---|---|
| Total number of other external directors | N/A |
| Total % of the board | N/A |

State the changes, if any, in the class of each director during the period:

| Individual or company name of director | Date of change | Former class | Current class |
|---|---|---|---|
| No details | | | |

C.1.4. Complete the following table with information regarding the number of female directors for the last 4 financial years, as well as the status of such directors:

| | Number of female directors | | | | % of total directors of each class | | | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2016 | 2019 | 2018 | 2017 | 2016 |
| Executive | | | N/A | N/A | 0.00 | 0.00 | N/A | N/A |
| Proprietary | 1 | 1 | N/A | N/A | 33.33 | 33.33 | N/A | N/A |
| Independent | 2 | 2 | N/A | N/A | 66.66 | 66.66 | N/A | N/A |
| Other external | | | N/A | N/A | 0.00 | 0.00 | N/A | N/A |
| Total | 3 | 3 | N/A | N/A | 42.86 | 42.86 | N/A | N/A |

C.1.5. State whether the company has diversity policies in relation to the Company's Board of Directors with regard to issues such as age, gender, disability, or professional training and experience. Small and medium-sized entities, according to the definition contained in the Auditing Act, shall report, as a minimum, on the policy they have established regarding gender diversity.

[ ] Yes
[ ] No
[ √ ] Partial Policies

If so, describe these diversity policies, their objectives, the measures and how they have been implemented and their results for the year. Also state the specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of directors.

If the company does not implement a diversity policy, explain why not.

**Description of the policies, objectives, measures and the way in which they have been implemented, as well as the results obtained**

Without prejudice to the existence of the policy for the selection of directors (which already addresses some of the issues mentioned in the statement in this section), the company does not have a diversity policy as such. Notwithstanding the foregoing, the Appointments and Remuneration Committee ensures at all times, in the exercise of its functions, that the proposals made take into consideration persons who have the necessary training and professional experience for the position, and that the procedure for selecting candidates is not implicitly biased in such a way as to hinder the selection of persons on the grounds of age, disability, gender or other circumstances.

C.16. Explain any measures, if appropriate, approved by the appointments committee in order for selection procedures to be free of any implied bias that hinders the selection of female directors, and in order for the company to deliberately search for women who meet the professional profile that is sought and include them among potential candidates in order to allow for a balanced presence of men and women:

**Explanation of measures**

The Appointments and Remuneration Committee must ensure that consideration is given to persons of both sexes who meet the necessary conditions and capabilities for the position.

If there are few or no female directors despite any measures that may have been adopted, explain the reasons why:

**Explanation of reasons**

Not applicable.

C.17. Explain the conclusions of the Appointments Committee regarding verification of compliance with the director selection policy. In particular, explain how said policy is fostering the goal for the number of female directors to represent at least 30% of all members of the Board of Directors by 2020.

The Appointments Committee verifies compliance with the policy for the selection of directors, including the application of suitability and diversity criteria. In this regard, at the end of 2019 and at present, the number of female directors is equivalent to 42.86% of the total members of the Board of Directors (3 out of a total of 7 directors). The objective set out in this paragraph is therefore met.

C.18. Explain, if applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding interest is less than 3% of share capital:

| Individual or company name of shareholder | Justification |
|---|---|
| No details | |

State if there has been no answer to formal petitions for presence on the Board received from shareholders whose shareholding interest is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If so, describe the reasons why such petitions have not been answered:
[ ] Yes
[ √ ] No

C.1.9. State, where applicable, the powers and faculties granted by the Board of Directors to directors or to board committees:

| Individual or company name of director or committee | Brief description |
|---|---|
| PABLO BURGOS GALÍNDEZ | In his capacity as CEO, he has delegated all the functions of the Board of Directors, except those that cannot be delegated. |

| Individual or company name of director or committee | Brief description |
|---|---|
| IGNACIO ARTAZCOZ BARRENA | Since 15 February 2020, the director, Ignacio Artázcoz, has been delegated all the duties of the Board, except those that cannot be delegated. |

C.1.10. Identify, where applicable, the members of the Board who hold the position of directors, representatives of directors or executives in other companies that form part of the listed company's group:

| Individual or company name of director | Name of entity within the group | Position | Does he/she have executive duties? |
|---|---|---|---|
| MR JOSÉ GALÍNDEZ ZUBIRÍA | Kabi Solar (Proprietary) Limited | DIRECTOR | NO |
| MR JOSÉ GALÍNDEZ ZUBIRÍA | Solarpack Development Inc. | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Kabi Solar (Proprietary) Limited | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Solarpack Development Inc. | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Solarpack Ingeniería S.L.U. | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | Pozo Almonte Solar 3 SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Calama Solar 3 SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Amunche Solar SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Los Libertadores SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Arica Solar SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Tricahue Solar SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Maria Elena Solar SA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Taltal Solar SA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Tamarugal 1 SA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Diego Almagro Solar 2 SA | CHAIRMAN | NO |

| Individual or company name of director | Name of entity within the group | Position | Does he/she have executive duties? |
|---|---|---|---|
| MR PABLO BURGOS GALINDEZ | Solarpack Chile | Representative of Solarpack Corporación Tecnológica S.A. as Managing Partner | YES |
| MR PABLO BURGOS GALINDEZ | Diego Almagro Solar 3, S.A. | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Solarpack India LLP | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Solarpack ASia SDN BHD | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | SPK ENERGIAS RENOVABLES MEXICO 1 SA de CV | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Moquegua FV SAC | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Tacna Solar SAC | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Solarges Peru SAC | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Achampet Solar Private Limited | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Ghanpur Solar Private Limited | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Ataca Solar Holdco SpA | Representative of Solarpack Chile Ltda | NO |
| MR PABLO BURGOS GALINDEZ | Gummadidala Solar Private Limited | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Padmajiwadi Solar Private Limited | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Renjal Solar Private Limited | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Thukkapur Solar Private Limited | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Kabi Solar (Proprietary) Limited | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | SPK Alvarado SL | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | Pedroso Solar SL | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | Solarpack Monclova SL | Sole Director | YES |

| Individual or company name of director | Name of entity within the group | Position | Does he/she have executive duties? |
|---|---|---|---|
| MR PABLO BURGOS GALINDEZ | Suvan Solar SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Apolo Solar SPA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Pampul Holdco SL | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | Astro Solar SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Cuenca Solar SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Valle Solar SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Granja Solar Holdco SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Eureka Energía Renovables SL | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | Gestión Solar Perú SAC | DIRECTOR | NO |
| MR PABLO BURGOS GALINDEZ | PMGD Holdco SL | Representative of Solarpack Corporación Tecnológica SA as Sole Director | NO |
| MR PABLO BURGOS GALINDEZ | Calama Solar 1 SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Calama Solar 2 SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Pozo Almonte Solar 1 SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Pozo Almonte Solar 2 SpA | CHAIRMAN | NO |
| MR PABLO BURGOS GALINDEZ | Ekialde Solar Private Limited | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | Holen Solar Private Limited | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | Ekialde Sun Private Limited | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | Yala Solar Private Limited | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | Nanj Solar Private Limited | Board Member | NO |

| Individual or company name of director | Name of entity within the group | Position | Does he/she have executive duties? |
|---|---|---|---|
| MR PABLO BURGOS GALINDEZ | Alpur Solar Private Solar | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | Peñaflor Solar SL | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | Abra Solar SpA | Chairman | NO |
| MR PABLO BURGOS GALINDEZ | Ayala Solar SpA | Chairman | NO |
| MR PABLO BURGOS GALINDEZ | Yumbrel Solar SpA | Chairman | NO |
| MR PABLO BURGOS GALINDEZ | Aiboa Solar SpA | Chairman | NO |
| MR PABLO BURGOS GALINDEZ | Pantac Holdco SpA | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | Buitre Solar S.L.U. | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | SPK Aguila SLU | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | SPK Albatros SLU | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | Spk Ansar SLU | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | SPK Condor SLU | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | SPK Falcon SLU | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | SPK Flamingo SLU | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | SPK Milano SLU | Sole Director | YES |
| MR PABLO BURGOS GALINDEZ | SOLAR PACK, UNIPESSOAL LDA | Manager | YES |
| MR PABLO BURGOS GALINDEZ | SOLARPACK COLOMBIA S.A. ESP | Board Member | YES |
| MR PABLO BURGOS GALINDEZ | ECUADOR SOLAR HOLDCO, S.L. | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | SOLARPACK SURIA SUNGAI PETANI SDN. BHD. | Board Member | NO |

| Individual or company name of director | Name of entity within the group | Position | Does he/she have executive duties? |
|---|---|---|---|
| MR PABLO BURGOS GALINDEZ | Panamericana Solar SAC | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | SOLARPACK NC1 LLC | Chairman | YES |
| MR PABLO BURGOS GALINDEZ | SOLARPACK NC2 LLP | Chairman | YES |
| MR PABLO BURGOS GALINDEZ | Itok Solar Incorporated, S.L. | Board Member | NO |
| MR PABLO BURGOS GALINDEZ | SOLARGES PERU S.L. | Joint Director | NO |

C.1.11. Identify, where applicable, the directors or representatives of legal entity directors of your company, who are members of the Board of Directors or representatives of legal entity directors of other companies listed on official stock exchanges other than those of your group, that have been reported to the company:

| Individual or company name of director | Name of listed company | Position |
|---|---|---|
| MR RAFAEL CANALES ABAITUA | Másmovil Ibercom SA | DIRECTOR |
| MR RAFAEL CANALES ABAITUA | Serrano Socimi Desarrollo 61 SA | DIRECTOR |
| MS GINA DOMANIG | U-Blox Holding AG | DIRECTOR |

C.1.12. State and, where applicable explain, whether or not the company has established any rules regarding the maximum number of company boards on which its directors may sit, identifying, in turn, where it is regulated:

[ ] Yes
[ √ ] No

C.1.13. State the amounts of the following items relating to the overall remuneration of the Board of Directors:

| | |
|---|---|
| Remuneration accrued in the year by the Board of Directors (thousands of euros) | 571 |
| Amount of pension rights accumulated by the current directors (thousands of euros) | |
| Amount of pension rights accumulated by former directors (thousands of euros) | |

This amount also includes 4,190 euros accrued in favour of Mr Antón Galíndez who stepped down as a proprietary director on 15 January 2019, the date on which Mr Rafael Canales was appointed as the new proprietary director.
This concept includes, in addition to the allowances and fixed compensation, an annual variable accrued in favour of the CEO for an amount of 61,929 euros.
Finally, it is noted that for accounting purposes an accounting provision of 943 thousand euros has been included in the annual accounts for the multi-year plan for the years 2018-2020 in force with the CEO. However, it should be noted that the accrual for this multi-year plan, with the final sum set, will not occur until year-end 31 December 2020, with the collection of the corresponding sum being enforceable on 31 March 2021.

C.1.14. Identify the members of the company's senior management who are not executive directors and state the total remuneration accrued by them during the financial year:

| Individual or company name | Position/s | |
|---|---|---|
| MS VICTORIA MORAL HERRERO | Head of HR and Organisation | |
| MS MARÍA BURGOS GALÍNDEZ | Head of Finance | |
| MR JAIME SOLAUN BUSTILLO | Head of the Andean Region | |
| MR ÍÑIGO MALO DE MOLINA LEZAMA LEGUIZAMON | Head of Business Development | |
| MR TOMÁS PARLADÉ GALÍNDEZ | Head of Power Generation and Services | |
| MS MARÍA FÁTIMA FERNÁNDEZ ESTEPA | Head of the Technical Office | |
| MR MIGUEL DE LA ROSA ORDÓÑEZ | Head of Construction and EPC Sales | |
| MR JAIME ALDÁMIZ-ECHEVARRÍA GONZÁLEZ DE DURANA | Head of Structured Finance | |
| MS ANA FERRERO MARTÍNEZ | Head of Consultancy | |
| MR JOSEBA ANDONI OLAMENDI LÓPEZ | Head of the Legal Department | |
| MR JAVIER ARELLANO GALÍNDEZ | Head of Corporate Development and Investor Relations | |
| MR XABIER REAL ZAMORANO | Head of O&M | |
| Total senior management remuneration (in thousands of euros) | | 1,275 |

The members of the company's executive committee at 31 December 2019 have been included in this section.
It is noted that for accounting purposes an accounting provision of 2,070 thousand euros has been included in the Financial Statements for the multi-year plan for the years 2018-2020. However, it should be noted that the accrual for this multi-year plan, with the final sum set, will not occur until year-end 31 December 2020, with the collection of the corresponding sum being enforceable on 31 March 2021.

C.1.15. State whether or not the regulations of the Board have been amended during the financial year:

[ ] Yes
[ √ ] No

C.1.16. State the procedures for the selection, appointment, re-election and removal of directors. Describe the competent bodies, procedures to be followed and the criteria to be used in each procedure.

The appointment of members of the Board of Directors is made by the General Shareholders' Meetings, without prejudice to the power of the Board of Directors to appoint members by co-option in the event of vacancies. In this regard, Article 35 of the Company's Articles of Association establishes:
"1. The Board of Directors shall have no less than five and no more than fifteen members, as determined by the General Shareholders' Meeting.
The General Shareholders' Meeting is responsible for setting the number of Board members. To this end, the General Shareholders' Meeting shall proceed directly by establishing said number through express resolution; or indirectly by filling vacancies or appointing new Board members, up to the maximum number established in the foregoing paragraph.
The Board of Directors, in the exercise of its powers to make proposals to the General Shareholders' Meeting and to co-opt to fill vacancies, must ensure, insofar as is possible, in the composition of the body, that external or non-executive directors represent a majority over executive directors, ensuring that the number of independent directors represents at least one third of the total number of Board members. Likewise, the number of Executive Directors must be the minimum necessary, taking into account the corporate group's complexity at all times and the Executive Directors' stake in the Company's capital.
The foregoing notwithstanding the right to proportional representation corresponding to shareholders under the provisions of the applicable legislation.
The definitions of the different classes of Board member will be as established under the legislation in force applicable to the Company.

The nature of each Board member must be explained by the Board of Directors before the General Shareholders' Meeting, which is responsible for implementing or ratifying their appointment. In the event that there is an external director who cannot be considered as proprietary or independent, the Company will explain such circumstance and their links with the Company, its directors or its shareholders.
In the event that the chairperson of the Board of Directors holds the status of executive director, the Board of Directors, with the abstention of the executive directors, must duly appoint a coordinating director from among the independent directors, who shall be specifically authorised to:
Request that the chairperson of the Board of Directors convenes the Board when deemed convenient.
Request the inclusion of matters on the agenda for Board meetings.
Coordinate and voice the concerns and opinions of External Directors.
Direct the evaluation of the chairperson of the Board of Directors.
Chair the Board of Directors in the absence of the chairperson and vice-chairpersons.
Keep in contact with investors and shareholders in order to understand their points of views and thereby form an opinion of their concerns, when so agreed by the Board of Directors.
Coordinate the succession plan for the Chairperson of the Board.
In the event that the chairperson of the Board of Directors is not an executive director, the Board may choose to appoint a coordinating independent director in accordance with the provisions of paragraph 7."
Likewise, Article 23 of the Regulations of the Board of Directors sets out the procedures for the appointment and re-election of directors. Furthermore, the removal of directors is also detailed in Article 26 of the Regulations of the Board of Directors.
Finally, on 25 January 2019, the Company's Board of Directors adopted a policy for the selection of directors, under which the selection of candidates for the post of director will be based on an analysis of the Company's needs, which will be carried out by the Board of Directors with the support and prior report of the Appointments and Remuneration Committee.

C.1.17. Explain the extent to which the self-assessment of the Board has given rise to significant changes in its internal organisation and regarding the procedures applicable to its activities:

**Description of amendments**

There have been no relevant changes as a result of said assessment.

Describe the evaluation process and the areas evaluated by the Board of Directors assisted, where appropriate, by an external consultant, regarding the operation and composition of the Board and its committees and any other area or aspect that has been subject to evaluation.

**Description of the evaluation process and areas evaluated**

Within the framework of the evaluation process of the Board of Directors, assisted by an external consultant, the following has been evaluated: the structure and characteristics of the Board of Directors, the dynamics of the meetings and the internal climate of the Board, the degree of involvement and contribution of values of the directors and the committees, and the relationship of the Board with the "stakeholders" (understood as investors, shareholders, public administrations and, in general, regarding the environment and society in general).

C.1.18. For any years where the evaluation was assisted by an external consultant, list the business relationships between the consultant or any company in their group and the company or any company of its group.

Beyond the contracting for the provision of advisory services on the Board evaluation, there is no other type of relationship between the Company (or any company in the group) and the external consultant.

C.1.19. State the circumstances under which the resignation of directors is mandatory.

In this regard, Article 26 of the Company's Regulations of the Board, establishes the following:
"1. The dismissal of members of the Board of Directors, or any of them, will take place as provided under the legislation applicable at any given time.

Members of the Board of Directors must tender their resignation to the Board of Directors and, if it deems it appropriate, formalise their resignation, in the following cases:
In the case of a Proprietary Director, when they or the shareholder they represent, transfer their stake in the Company.
In the case of an Executive Director, whenever the Board deems it appropriate and, in any case, when they cease to hold their executive position in the Company and/or Group company.
When they are involved in any of the situations of incompatibility or prohibition provided by law.
When they are prosecuted on criminal charges or are the subject of disciplinary proceedings for serious or very serious offences instructed by the supervisory authorities.
In the case of Chief Executive Officers, they will cease to hold such positions at 65 years of age, but may continue as Directors, notwithstanding the provisions of point b) above.
When they are seriously reprimanded by the Board of Directors, following a report by the Audit Committee, for having breached their obligations as Directors.
When their membership of the Board may jeopardise or harm the Company's interests, credit or reputation, or when the reasons why they were appointed no longer apply.
In the event that a member of the Board of Directors ceases to hold their position before the end of their term, by resignation or for any other reason, the reasons must be explained in a letter to be sent to all Board members, and the reason for the dismissal will be published in the annual corporate governance report.
The Board of Directors may only propose the dismissal of an independent director before the end of their statutory term when there is just cause, as assessed by the Board of Directors. In particular, it will be deemed that there is just cause when the Director has breached the duties inherent to their position, or is in any of the situations described in the definition of Independent Director set out under current regulations or, failing this, in the recommendations on good corporate governance applicable to the Company at any given time.

C.1.20. Are qualified majorities, different from the statutory majorities, required to adopt any type of decision?:

[ ] Yes
[ √ ] No
If so, describe the differences.

C.1.21. Explain whether or not there are specific requirements, other than the requirements relating to directors, to be appointed chairman of the Board of Directors.
[ ] Yes
[ √ ] No

C.1.22. State whether or not the Articles of Association or the regulations of the Board set forth any age limit for directors:

[ ] Yes
[ √ ] No

It should be noted that Article 26.2 (e) of the Regulations of the Board of Directors does establish a limit only for directors who are managing directors, which is 65 years old, although they may continue as directors.

C.1.23. State whether or not the Articles of Association or the regulations of the Board establish any limit on the term of office or any other stricter requirements in addition to those legally stipulated for independent directors, other than what is established in the regulatory provisions:
[ ] Yes
[ √ ] No

C.1.24. State whether or not the Articles of Association or the regulations of the Board set out any specific rules for proxy-voting by means of other directors at meetings of the board of directors, the manner of doing so, and especially the maximum number of proxies that a director may hold, as well as whether or not any restriction has been established regarding the categories of directors to whom proxies may be granted beyond the restrictions imposed by law. If so, briefly describe such rules.

Article 41.2 of the Articles of Association establishes the following:
"2. Representation shall be conferred in writing, specifically in favour of another Director, with precise instructions as to voting whenever possible and specifically for each meeting. The Chairperson shall be informed of all conferred representation. In particular, Non-Executive Directors may only be represented by another Non-Executive Director."

C.1.25. State the number of meetings that the Board of Directors has held during the financial year. In addition, specify the number of times the Board has met, if any, at which the chairman was not in attendance. Proxies granted with specific instructions shall be counted as attendance.

| | |
|---|---|
| Number of meetings of the Board | 9 |
| Number of meetings of the Board at which the chairperson was not in attendance | 0 |

State the number of meetings held by the coordinating director with the other directors, without the attendance or representation of any executive director:

| | |
|---|---|
| Number of meetings | 0 |

State the number of meetings held by the different committees of the Board of Directors during the financial year:

| | |
|---|---|
| Number of meetings of the Audit and Compliance Committee | 8 |
| Number of meetings of the Appointments and Remuneration Committee | 5 |

C.1.26. State the number of meetings that the Board of Directors has held during the financial year and the data regarding member attendance:

| | |
|---|---|
| Number of meetings attended in person by at least 80% of the directors | 9 |
| % personal attendance out of total votes during the financial year | 100.00 |
| Number of meetings attended in person, or by representatives with specific instructions, by all directors | 8 |
| % votes cast with personal attendance and representatives with specific instructions, out of the total votes during the financial year | 100.00 |

C.1.27. State whether or not the annual individual accounts and the annual consolidated accounts that are submitted to the board for approval are previously certified:

[ ] Yes
[ √ ] No

Identify, where applicable, the person(s) that has(have) certified the Individual and Consolidated Financial Statements of the Company for preparation by the Board:

C.1.28. Explain the mechanisms, if any, adopted by the Board of Directors to avoid any qualifications in the audit report on the Individual and Consolidated Financial Statements prepared by the Board of Directors and submitted to the shareholders at the General Shareholders' Meeting.

The Audit Committee supervises the process of preparing and presenting regulated financial information. In this regard, the Audit Committee supervises the preparation process and the integrity of the financial information concerning the Company and, where applicable, the Group, reviewing
compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
In addition, the Audit Committee, as a communication channel between the external auditor and the Board of Directors, will regularly receive from the external auditor information on the audit plan and the result of its implementation, and it will establish the appropriate relations with the auditor to receive information on issues that may jeopardise their independence, which shall be considered by the Audit Committee, and any other related to the account auditing process

C.1.28. Is the secretary of the Board of Directors?

[ ] Yes
[ √ ] No

If the secretary is not a director, complete the following table:

| Individual or company name of the secretary | Representative |
|---|---|
| MR JOSEBA ANDONI OLAMENDI LÓPEZ | |

C.1.30 State the specific mechanisms established by the company to preserve the independence of the external auditors and also the mechanisms, if any, to preserve the independence of financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice.

Article 16.4 of the Regulations of the Board of Directors, within the description of the duties of the Audit and Compliance Committee, reserves the following for this committee:
"(vii) Establish appropriate relations with the auditors to receive information on issues that could jeopardise their independence, for consideration by the Audit Committee, and any other issues relating to the audit process, as well as other communications covered under auditing legislation and other auditing standards. In any case, it must receive annually from the statutory auditors a written confirmation of their independence from the Company and entities directly or indirectly connected to it, as well as information on additional services of any kind provided to said entities by the aforementioned auditors, or by persons or entities connected to them, in accordance with the provisions of auditing legislation."
"(viii) Issue annually, prior to the audit report, a report expressing an opinion on the independence of the statutory auditors. This report must in any case decide on the provision of the additional services referred to in the previous paragraph, considered individually and as a whole, other than the statutory audit and in relation to the independence and auditing legislation."
EL 16.5. (d) for its part, states that:
"Within the function of ensuring the independence of the external auditor, ensuring that: (i) the Company reports the change of auditor as a noteworthy event to the National Securities Market Commission, accompanying it with a statement on the potential existence of disagreements with the outgoing auditor and, where relevant, the content thereof; (ii) the Company and the auditor respect the standards in force on the provision of services other than auditing services and, in general, other standards established to ensure the independence of auditors; and (iii) in the case of the resignation of the external auditor, it analyses the circumstances causing this."

C.1.31. State whether or not the Company has changed the external auditor during the financial year. If so, identify the incoming and the outgoing auditor:

[ ] Yes
[ √ ] No

If there has been any disagreement with the outgoing auditor, provide an explanation:

[ ] Yes
[ √ ] No

C.1.32. State whether or not the audit firm performs other non-audit work for the company and/or its group. If so, state the amount of the fees paid for such work and the percentage they represent of the aggregate fees charged to the company and/or its group:

[ √ ] Yes
[ ] No

| | Company | Group companies | Total |
|---|---|---|---|
| Amount of other non-audit work (thousands of euros) | 24 | 0 | 24 |
| Amount of non-audit work / Amount of audit work (in %) | 6.58 | 0.00 | 6.58 |

C.1.33. State whether the audit report on the Financial Statements for the prior financial year has observations or qualifications. If so, state the reasons given to the shareholders in the General Meeting by the chairperson of the Audit Committee to explain the content and scope of such observations or qualifications.

[ ] Yes
[ √ ] No

C.1.34. State the consecutive number of years for which the current audit firm has been auditing the Individual and/or Consolidated Financial Statements of the Company. In addition, state the percentage represented by such number of financial years audited by the current audit firm with respect to the total number of financial years in which the statements have been audited:

| | Individual | Consolidated |
|---|---|---|
| Number of continuous financial years | 2 | 2 |

| | Individual | Consolidated |
|---|---|---|
| No. of years audited by the current auditing firm/No. of | 8.33 | 18.18 |

| | Individual | Consolidated |
|---|---|---|
| years the company or its group has been audited (in %) | | |

C.1.35. State whether or not there is any procedure for directors to obtain in good time the information required to prepare for meetings of management-level decision-making bodies and, if so, describe it:

[ √ ] Yes
[ ] No

**Describe the procedure**

In accordance with the provisions of Article 39.2 of the Articles of Association and Article 20.2 of the Regulations of the Board of Directors, the call of each Board meeting must be sent in advance as indicated in said articles and accompanied by the relevant information for the purposes of the agenda.
In this regard, Article 29 of the Company's Regulations of the Board, establishes the following:
"Article 29. Expert assistance.
With a view to being assisted in the exercise of their roles, any member of the Board of Directors may request that legal, accounting, financial, technical or commercial advisers, or other experts, be engaged, at the Company’s expense, if they deem it necessary to perform their duties appropriately. Said engagement must necessarily be concerning specific issues that are particularly complex.
The request must be made to the Chairperson of the Board of Directors, and may be vetoed by the Board if it considers that:
it is not necessary for the proper performance of the duties entrusted to the members of the Board of Directors;
its cost is not reasonable in view of the issue’s significance and the Company's assets and revenues;
the assistance requested could be appropriately provided by experts and technicians from the Company itself, or others who have already been recruited by it; or
it could pose a risk to the confidentiality of the information to be handled."
In addition, since January 2019, a digital tool has been in place to channel communications to directors, along with access to relevant documentation.

C.1.36. State whether or not the company has established any rules requiring directors to inform the company —and, if applicable, resign from their position— in cases in which the credit and reputation of the company may be damaged:

[ √ ] Yes
[ ] No

**Explain the rules**

Pursuant to Article 26.2 (g) of the Regulation of the Board, directors shall resign "when their membership of the Board may jeopardise or harm the Company’s interests, credit or reputation, or when the reasons why they were appointed no longer apply."

State whether or not any director of the Board of Directors has notified the company that he or she has been indicted or tried in proceedings for any of the offences provided for under Article 213 of the Spanish Companies Act:

[ ] Yes
[ √ ] No

Describe any significant agreements entered into by the company that take effect, are amended, or terminate in the event of a change in control of the company as a result of a takeover bid, and the effects thereof.

Not applicable

C.1.39. Identify, on an individual basis in reference to directors, and on an aggregate basis for all other cases, and provide a detailed description of the agreements between the company and its management level or employees that have compensation, guarantee or "golden parachute" clauses
upon resignation or termination without cause, or if the contractual relationship is terminated as a result of a takeover bid or other type of transaction.

| Number of beneficiaries | 0 |
|---|---|
| Type of beneficiary | Description of agreement |
| Not applicable | Not applicable |

State whether or not, beyond the cases set out in the regulations, such agreements have to be reported and/or approved by the decision-making bodies of the company or its group. If so, specify the procedures, cases set out and the nature of the decision-making bodies responsible for approving or reporting them:

| | Board of Directors | General Shareholders' Meeting |
|---|---|---|
| Decision-making body approving the provisions | √ | |

| | Yes | No |
|---|---|---|
| Is the General Shareholders' Meeting informed of such provisions? | | √ |

As of 31 December 2019, there were no such clauses in directors' contracts. However, with effect from 15 February 2020, executive directors shall be entitled to receive termination compensation in the event of their separation or cessation as directors or in the event of their withdrawal from executive duties. This compensation shall amount to the sum of the annual fixed remuneration plus the variable remuneration on one-year targets (corresponding to the calendar year prior to that in which the separation or cessation of the directorship or the withdrawal from the executive functions took place). Likewise, and also with effect from 15 February 2020, the executive directors have signed a non-competition commitment for one year from the date of their separation, cessation or withdrawal from executive functions for which they will be entitled to receive compensation equivalent to the fixed annual remuneration corresponding to the calendar year prior to that in which the separation or cessation or withdrawal from executive functions occurred.
The Board of Directors will submit to the General Shareholders' Meeting the partial amendment of the remuneration policy for the years 2018 to 2020, which will include the existence of any of these clauses, for approval.
Agreements with the company's management team or key personnel do not include clauses of the type mentioned in section C.1.39.

C.2. Committees of the Board of Directors

C.2.1. Describe all of the committees of the Board of Directors, the members thereof, and the proportion of executive, proprietary, independent, and other external directors of which they are comprised:

| Audit and Compliance Committee | | |
|---|---|---|
| Name | Position | Category |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | MEMBER | Independent |
| MR IGNACIO ARTAZCOZ BARRENA | CHAIRMAN | Independent |
| MR RAFAEL CANALES ABAITUA | MEMBER | Proprietary |

| | |
|---|---|
| % executive directors | 0.00 |
| % proprietary directors | 33.33 |
| % independent directors | 66.67 |

| | |
|---|---|
| % of other external directors | 0.00 |

It is noted that on 15 January 2020 the composition of the Audit and Compliance Committee was changed. In this regard, Ms Begoña Beltrán de Heredia was appointed as the new chairwomen of the committee, replacing Mr Ignacio Artázcoz, who stepped down, and Ms Gina Domanig was appointed as a new member of the committee, which, as a result, comprised Mr Rafael Canales, Ms Gina Domanig and Ms Begoña Beltrán, the latter as chairwoman.

Explain the functions, including, where appropriate, any extra ones provided for by law, attributed to this committee, and describe the procedures and rules for its organisation and functioning. For each of these functions, state the most important actions carried out during the year and how each of the functions attributed, whether by law, in the Articles of Association or other corporate resolutions, have effectively been performed.

Article 16 of the Regulations of the Board of Directors sets out all the functions of the committee, as well as its procedures and rules of organisation and operation.

The most important actions during the year were as follows:

As regards the financial information, the Committee has reported all the periodic public information that the Company has made public during the 2019 financial year, in accordance with the applicable legislation.
With regard to non-financial information, the committee consulted with the external auditor on the need to draw up the non-financial information statement for the financial year 2018, having obtained confirmation that it was not required.
-With regard to the associated internal control mechanisms, the committee has initiated the adaptation and implementation of the internal control system on the financial information (ICFRS) of the Company.
In the area of risk management and control, the Committee initiated the preparation of a new risk map for the Company, as well as the criminal risk prevention plan.
The Company has set up an Internal Audit Department, having approved the proposed text of the regulation of the Company's internal audit department and the internal audit work plan for the year 2020.
The Committee has kept in contact with the external auditor in the exercise of its functions, having been invited to 5 of the 8 meetings held by the Committee.

Identify any directors who are members of the Audit Committee and who have been appointed taking into account their knowledge and experience in the areas of accounting, auditing, or both, and report the date of appointment of the chairperson of this committee.

| | |
|---|---|
| Name of directors with experience | MS BEGOÑA BELTRÁN DE HEREDIA VILLA / MR IGNACIO ARTÁZCOZ BARRENA / MR RAFAEL CANALES ABAITUA |
| Date of appointment of the current chairperson | 09/11/2018 |

| Appointments and Remuneration Committee | | |
|---|---|---|
| Name | Position | Category |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | CHAIRMAN | Independent |
| MR IGNACIO ARTAZCOZ BARRENA | MEMBER | Independent |
| MS INÉS ARELLANO GALÍNDEZ | MEMBER | Proprietary |

| | |
|---|---|
| % executive directors | 0.00 |
| % proprietary directors | 33.33 |
| % independent directors | 66.67 |
| % of other external directors | 0.00 |

It is noted that on 15 January 2020 the composition of the Appointments and Renumeration Committee was changed. In this regard, Ms Gina Domanig was made a new member of the committee, replacing Mr Ignacio Artázcoz, who stepped down, and Ms Gina Domanig was appointed as the new chairwoman of the committee that, as a result, comprises Mr Rafael Canales, Ms Begoña Beltrán de Heredia, Ms Inés Arellano and Ms Gina Domanig, the latter as chairwoman.

Explain the functions, including, where appropriate, any extra ones provided for by law, attributed to this committee, and describe the procedures and rules for its organisation and functioning. For each of these functions, state the most important actions carried out during the year and how each of the functions attributed, whether by law, in the Articles of Association or other corporate resolutions, have effectively been performed.

Article 17 of the Regulations of the Board of Directors sets out all the functions of the committee, as well as its procedures and rules of organisation and operation.
In 2019, it has met on 5 occasions. During the year, the following actions, among others, were deemed the most significant:
As regards appointments, the Committee analysed the proposed Policy for the Selection of Directors, presenting, discussing and reporting positively on its subsequent approval by the Board of Directors, and it reported in the required manner on the various appointments to the Board and committees that have taken place during the year.
In the area of remuneration, the following actions should be highlighted:
The Committee analysed the proposed management remuneration scheme.
The committee analysed the proposed 2018-2020 Multi-Annual Remuneration Programme.
The Committee analysed the proposal for the annual remuneration of directors for the 2018 financial year.
The Committee reviewed the proposed targets for annual variable remuneration for 2019 applicable to both the CEO and the other executives, as well as the proposed targets for annual variable remuneration for 2019 applicable only to the CEO.
The Committee analysed the proposed contract of the CEO.
The Committee proposed to the Board of Directors the hiring of an external consultant to carry out the annual evaluation; in that sense, after evaluating different firms, it proposed the engagement of Gesdirección, an external consultancy expert in the evaluation of management bodies. The committee also coordinated and monitored the implementation of the evaluation by the external consultant.

C.2.2. Complete the following table with information on the number of female directors on the committees of the Board of Directors at the end of the last four financial years:

| | Number of female directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | | 2018 | | 2017 | | 2016 | |
| | Number | % | Number | % | Number | % | Number | % |
| Audit and Compliance Committee | 1 | 33.33 | 1 | 33.33 | 0 | 0.00 | 0 | 0.00 |
| Appointments and Remuneration Committee | 2 | 66.66 | 1 | 33.33 | 0 | 0.00 | 0 | 0.00 |

C.2.3. State, where applicable, the existence of regulations of the board committees, where such regulations can be consulted, and any amendments made during the financial year. Also state if any annual report of the activities performed by each committee has been voluntarily prepared.

The regulation of each of the committees of the Board of Directors is described in the Regulations of the Board of Directors of the company, which were approved by the Board at its meeting on 8 September 2018 and came into force on 5 December 2018 as a result of the Company's IPO. The Regulations of the Board of Directors are available on the Company's website https://www.solarpack.es/accionistas-e-inversores/gobierno-corporativo/reglamentos/ During the year 2019, there have been no amendments to the regulations of the committees. Both committees have produced the required annual report on their activities.

## D. RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1. Explain, where applicable, the procedure and competent bodies for approving related party and intragroup transactions.

The transactions that the Company or its subsidiaries carry out with directors or significant or represented shareholders on the Board of Directors, or with persons related to them, must be previously submitted to the Board for approval. In any case, related-party transactions are carried out under market conditions.

D.2. Describe the significant transactions in terms of amount or subject matter made between the company or entities belonging to its group, and the company's major shareholders:

| Individual or company name of significant shareholder | Individual or company name of the company or entity within the group | Nature of the relationship | Type of transaction | Amount (thousands of euros) |
|---|---|---|---|---|
| No details | | | | N/A |

D.3. Describe the insignificant transactions in terms of amount or subject matter made between the company or entities belonging to its group, and the company's directors or officers:

| Individual or company name of the directors or executives | Individual or company name of related party | Relation | Nature of the transaction | Amount (thousands of euros) |
|---|---|---|---|---|
| No details | | | | N/A |

D.4. Report on the significant transactions made by the Company with other entities belonging to the same group, provided they are not eliminated in the preparation of the Consolidated Financial Statements and they are not part of the ordinary course of business of the company insofar as their purpose and conditions are concerned.

In any case, report any intragroup transaction carried out with entities established in countries or territories considered to be tax havens:

| Name of entity within the group | Brief description of transaction | Amount (thousands of euros) |
|---|---|---|
| No details | | N/A |

D.5. Give details of any significant transactions carried out between the company or entities in its group and other related parties that have not been disclosed under the previous headings:

| Company name of related party | Brief description of transaction | Amount (thousands of euros) |
|---|---|---|
| No details | | N/A |

D.6. Describe the mechanisms used to detect, determine, and resolve potential conflicts of interest between the company and/or its group, and its directors, executives, or significant shareholders.

In this regard, Article 34 of the Regulations of the Board, establishes the following:
"1. Members of the Board of Directors must adopt the measures required to prevent conflicts of interest in accordance with the provisions of the law.
There will be deemed to be a conflict of interest in situations in which the Company's interests and the Director's personal interests come into direct or indirect conflict. The Director will have a personal interest when the matter affects them or a Connected Person or, in the case of a Proprietary Director, the shareholder or shareholders who proposed or made their appointment or persons directly or indirectly connected to them.
For the purposes of these Regulations, the following will be considered to be Persons Connected to the Director:
The Director's spouse or persons with an analogous relationship.
The ascendants, descendants and siblings of the Director or the Director's spouse.
The spouses of the Director's ascendants, descendants and siblings.
Companies in which the Director, personally or through an intermediary, is in any of the situations covered under Article 42 of the Spanish Companies Code.
With respect to a Director that is a legal entity, the following will be deemed to be Connected Persons:
Shareholders who are, with respect to the Director that is a legal entity, in any of the situations covered under Article 42 of the Spanish Companies Code.
Administrators, de jure or de facto, liquidators and proxies with general powers of attorney for the Director that is a legal entity.
Companies that are part of the same group, as defined under Article 42 of the Spanish Companies Code, and their shareholders.
Persons who, with respect to the representative of the Director that is a legal entity, are considered to be Persons Connected to the Directors, according to this section.
The following rules will apply to conflicts of interest:
Communication: directors must communicate to the Board of Directors and the Audit Committee, through the chairperson or the secretary, any conflicts of interest in which they find themselves.
Abstention: the Director in question must abstain from attending or participating in the deliberation and voting phases in connection with matters in which they have a conflict of interest. In the case of Proprietary Directors, they must abstain from participating in voting on matters that may entail a conflict of interest between the shareholders that proposed their appointment and the Company.
Transparency: the Company will, when applicable under legislation, report any conflicts of interests of Directors during the financial year in question, recorded in the affected party's communication or by any other means."

D.7. Is more than one company of the group listed in Spain?

[ ] Yes
[ √ ] No

## E. RISK CONTROL AND MANAGEMENT SYSTEMS

### E.1. Explain the scope of the company's Risk Management & Control System, including the system for managing tax risks:

The management of business risks in the Company involves procedures supervised by the governing body, undertaken by the management and executed in the course of business of the organisation.

### E.2. Identify the decision-making bodies of the company responsible for preparing and implementing the Risk Control and Management System, including taxation:

Responsibility for the supervision of the risk management and control system, including taxation, lies with the Audit and Compliance Committee, which particularly relies on the Internal Audit, the Finance Department and the Legal Department for its supervision and proper functioning. The Board of Directors is responsible for designing and implementing the risk control and management policy, including fiscal risks, and the supervision of the internal information and control systems.
The company's risk management requires that all business areas identify and assess the risks they face in achieving their business objectives, in order to detect in good time the appropriate mitigating measures that reduce or eliminate the probability of occurrence of the risk or its possible impact on the objectives in the event of materialisation.

### E.3. State the main risks, including tax risks and insofar as those arising from corruption are significant (the latter being understood under the scope of Royal Decree Law 18/2017), which may affect the achievement of the business objectives.

Operational Risks:
Regulatory risk: the electricity generation and sales sector is subject to diverse regulations. A change in regulations or delays in obtaining licences or permits could be detrimental to the Company's business. Similarly, any restriction on access to the distribution networks in the various markets in which it operates could have an impact on the Company's results.
Operational Risk: The operational risk lies in the impossibility of generating electricity or of completing work on a solar PV plant. The Company operates in different markets on 5 continents, with material and personnel flow at an intercontinental level. Consequently, the variation in diverse macroeconomic, social, political or health conditions in these geographic areas may have an impact on the Company's activity.
Risk of customer concentration: In its POWGEN segment, the Solarpack Group operates with Power Purchase Agreements (PPAs) or with regulatory schemes that in many cases have a principal customer as the buyer of the power (100% in the case of PPAs with a single customer). However, this risk of customer concentration is mitigated by the fact that PPAs are long-term and oblige the buyer to purchase energy throughout that period.
Financial risks:
Interest rate risk: The existence at the Group of bank borrowings tied to a floating interest rate, as part of the financial debt, means that the Solarpack Group is exposed to the risk of interest rate fluctuations, which directly affect profit or loss and the generation of cash flows. This is made even more significant by the fact that the average term of the Solarpack Group's borrowings is high, due to the relative importance of project finance borrowings. The mitigation of the Solarpack Group in this area is to arrange hedging financial instruments, mainly interest rate derivatives (IRSs), which insolvency of the buyer and not as a result of commercial decisions of the latter, and not by the same commercial decisions, once the PPA is signed.
Exchange rate risk: Solarpack Group's activity is highly internationalised and it is therefore influenced by several currencies. Within these currencies, the US dollar and the Indian rupee are particularly significant. Exchange rate risk is managed differently in each of the Solarpack Group's segments and different policies are applied in each segment to mitigate such risk.
Credit risk: The Solarpack Group's sales are concentrated on various types of customers (private or public companies in various sectors such as utilities, electricity distributors, mining companies or infrastructure managers). There is a business risk arising from trade balances pending collection. The Solarpack Group continuously analyses these balances, as well as the evolution of its customers' credit quality. There is also a credit risk arising from cash and cash equivalents and deposits with banks and financial institutions, which is considered to be reduced by the credit quality of the banks with which the Group operates, or cash equivalent securities in which there is investment.

Liquidity risk: Prudent liquidity risk management involves maintaining sufficient cash and the availability of financing through a sufficient amount of credit facilities. In this sense, the Group's strategy is to maintain the necessary flexibility in financing through the existence of financial assets and the availability of committed credit lines. Excess cash
held by the operating entities in excess of the balance required for working capital management purposes is transferred to the Group's Finance Department, which invests such surpluses in current accounts, time deposits, money market deposits and marketable securities, choosing instruments with suitable maturities or sufficient liquidity to provide the means determined by the aforementioned forecasts.
Management monitors reviews of the Group's liquidity reserve, as well as the evolution of net financial debt.
Risks associated with the compliance with anti-corruption regulations:
The Company undertakes its activity and has personnel in various markets that are subject to various anti-corruption compliance obligations.

## E.4. Identify whether the entity has risk tolerance levels, including one for tax risk:

The Company approves the acceptable risk level for each type of risk, type of business and geographic location, as well as the permitted levels of deviation based on the strategic objectives and the strategic lines for their achievement. Acceptable risk levels are updated in line with changes in corporate strategy and business risk profiles. Risks that threaten the achievement of business objectives, including the tax risks, are periodically assessed on the basis of their potential impact on financial results and their likelihood of occurrence. The combination of the impact and the probability of occurrence determines the severity level of the risk.

## E.5. State what risks, including tax risks, have materialised during the financial year:

In 2019, no risks materialised, in the sense that the acceptable levels identified for these risks were not exceeded.

## E.6. Explain the response and oversight plans for the entity's main risks, including tax risks, as well as the procedures followed by the Company to ensure that the board of directors responds to any new challenges that arise:

Considering the geographic diversification and the degree of decentralisation of the Company, the corporate risk management procedures are linked to those of each department and business unit, where each management level is responsible for compliance with the applicable rules and internal procedures. The Company's management evaluates and verifies the suitability of the internal rules and procedures, based on the various contributions received from each of the Company's departments. Communication between senior management and the heads of each department is direct, regular and fast, which guarantees a prompt response in the event a risk materialises.

## F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF ISSUING FINANCIAL REPORTS (ICFRS)

Describe the mechanisms making up the risk control and management systems with respect to the process of issuing the entity's financial information (ICFRS).

F.1. **Control environment at the entity.**

Indicate at least the following, specifying the main features thereof:

F.1.1. What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective internal control over financial reporting system (ICFRS); (ii) the implementation thereof; and (iii) oversight thereof.

The Board of Directors of the Company is the body responsible for, among other matters, updating and continuous improvement of the Company's corporate governance system under current legislation and recommendations on good corporate governance of recognised companies, adopting within its remit or proposing to the General Shareholders' Meeting the resolutions that are required or appropriate. The existence and maintenance of the ICFRS is also considered to be part of its responsibility within these functions. The Company's Audit and Compliance Committee is the body responsible for supervising the effectiveness of the ICFRS, internal audit and the corporate risk management process, as well as discussing with the statutory auditors or audit firms the significant weaknesses of the internal control system detected in the course of the audit. The Financial Department is responsible for the design and implementation of the ICFRS, ensuring the establishment and design of the internal control procedures to be implemented in the operations of the company and its group. During the 2019 financial year, the Company has reviewed, updated and documented the ICFRS.
The competencies of the Internal Audit Department include overseeing "the efficient functioning of the internal control over the financial reporting system (ICFRS) established by the Company for the preparation and presentation of the economic-financial information of the Group". During financial year 2019, internal audit body has overseen several ICFRS processes.

F.1.2. Whether any of the following are in place, particularly as regards the financial information preparation process:
- Departments and/or mechanisms in charge of: (i) the design and revision of the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of work and duties; and (iii) ensuring that there are sufficient procedures for the proper dissemination thereof at the entity:

The Board of Directors is responsible for establishing and periodically reviewing the organisational structure of the company and its group at the highest level, and it delegates to the management the responsibility of ensuring that the dependent structures have sufficient human and material resources.
With regard to the process of preparing the financial information, there is a global interrelated finance department whose manager reports directly to the CEO. Within the framework of the internal policies and procedures of the Company and its group, the responsibilities and duties of all those persons who participate directly in preparing and reviewing the financial information have been identified and duly communicated.
There are internal controls in place to ensure that any change in the processing of financial information is distributed to the appropriate personnel in a timely and appropriate manner.

Code of conduct, body that approves it, degree of dissemination and instruction, principles and values included (indicating whether the recording of transactions and the preparation of financial information are specifically mentioned), body in charge of reviewing breaches and of proposing corrective actions and penalties:

The company currently has an Internal Code of Conduct for matters relating to the Securities Markets, which is available on the Company's website, and it has been distributed to all the corresponding personnel through the communications channels set up for such purpose.
The Board of Directors is responsible for establishing and approving the Code. The purpose of said Code is to establish the rules of conduct that must be respected by any persons within its scope in the performance of their activities related to securities markets, with a view to preventing and avoiding any possible market abuse, in accordance with the provisions of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.

The Company also has an Employee Manual, which establishes a Code of Conduct for employees that contains basic rules and principles aimed at guaranteeing commitment to and transparency of relations and transactions with customers, suppliers and other employees, while also safeguarding of health, safety and the environment.
There is also a reporting channel where employees can report any incidents that they believe are contrary to the good practices pursued. This manual is provided to all employees when they join any company in the group. This manual is also accessible to all employees on the Company's intranet.

- Reporting channel that makes it possible to report any irregularities of a financial or accounting nature to the Audit Committee, as well as any possible breach of the Code of Conduct and irregular activities at the organisation, specifying, if appropriate, whether or not it is confidential:

The Company's reporting channel operates through an email address, which is the means by which all professionals can securely report all irregularities that arise in the course of business.
Any irregularity of a financial or accounting nature, or any behaviour contrary to the Company's Code of Conduct, reported through this channel, will be reported to the Audit Committee.

Regular training and update programmes for personnel involved in the preparation and review of financial information, as well as in the evaluation of the ICFRS, covering at least accounting standards, auditing, internal control, and risk management:

The heads of each department establish the training needs they deem appropriate for their corresponding area. These needs are transmitted to the Human Resources Department, which manages them, either with internal or external resources. With respect to the personnel involved in the preparation and review of financial information, as well as in the evaluation of the ICFRS, the heads of these departments maintain permanent and fluid communication with their external auditors and other accounting experts, who promptly inform them of new developments in the areas of accounting and risk management and the internal control of financial information, and provide them with material and support for any corresponding updating.
If necessary, due to importance or magnitude, specific training processes are designed for subject matters.

**F.2. Risk assessment of financial information.**

Indicate at least the following:

F.2.1. What are the main features of the risk identification process, including the process of identifying the risks of error or fraud, with regards to:

- Whether the process exists and is documented:

The Board of Directors is responsible for identifying the risk levels it is willing to assume and it must design and implement the risk management and control policy.
The error-related risk identification process is one of the steps in the methodology for developing internal financial information controls. The methodology is based on the analysis of the financial information in the different companies and corporate areas, in order to select the most relevant accounting headings and report notes, in accordance with quantitative (materiality) and qualitative (business risk and visibility to third parties) criteria. The selected headings and notes are grouped into large processes in which the selected information is generated.
The processes are analysed and a description of each one of them is prepared, as a means for identification of the possible risks of error in the financial information, in relation to attributes such as integrity, presentation, assessment, edit, recording and validity.
The risks identified are subject to a prioritisation process, the most relevant being selected by applying professional judgment on a series of indicators (existence of documented processes and controls, existence of systems that automate the processes, if there have been incidents in the past, if the process is known and well-developed or if judgments need to be applied to make estimates).
The risks of fraud are implicitly identified to the extent that they may generate material errors in the financial information. Once the most relevant risks have been selected, the necessary controls for their mitigation or management are selected and designed, and these controls are monitored and documented, as well as systematically reviewed.
The risks selected are reviewed at least annually, as part of the evaluation of the effectiveness of the internal control by those responsible.

- Whether the process covers all the objectives of financial reporting (existence and occurrence; integrity; assessment; presentation, breakdown and comparability, and rights and obligations), whether it is updated, and how often:

The cycles or extensive processes in which the financial information is generated are analysed on a yearly basis to detect possible error-related risks in relation to attributes such as validity (existence and authorisation), integrity, assessment, presentation, edit and recording.

- The existence of a process for the identification of the scope of consolidation, taking into account, among other matters, the possible existence of complex corporate structures, holding entities, or special purpose entities:

The identification and risk assessment process takes into account all the processes, the group companies and their various structures, the peculiarities of each country and business line, and pays special attention to the risks arising from those transactions which, due to their complexity or relevance, require specialised management.

The process takes into account the effects of other types of risks (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the Financial Statements:

The process of identifying risks of error in the financial information takes into account all risks corresponding to such information as well as the effects of other types of risks (operational, technological, legal, reputational, environmental, etc.), insofar as their impact on the Financial Statements. However, an explicit identification process on said risk types is not carried out in identifying financial information risks.

What governance body of the entity supervises the process:

The governing body that supervises the process is the Audit Committee, supported in this function by Internal Audit department. The Audit Committee is responsible for periodically reviewing the internal control and risk management systems, so that the main risks are detected, managed and made known in an appropriate manner.

**F.3. Control activities.**

Indicate whether at least the following are in place and describe their main features:

F.3.1. Procedures for reviewing and authorising financial information and the description of the ICFRS, to be published in the securities markets, indicating those responsible, as well as descriptive documentation of the activity and control flows (including those related to fraud risks) of
the different types of transactions that may materially affect the Financial Statements, including the accounting closing procedure and the specific review of relevant judgments, estimates, assessments and projections.

The quarterly, half-yearly and annual financial information is prepared under the supervision of the financial management and is then submitted to the Audit Committee, which informs the Board of Directors for its appropriate formulation and approval, before publication. In this process, the Finance Department is important, which, within the consolidation and accounting closing process, carries out various control activities that ensure the veracity of the information submitted.
The Company has identified processes that entail a risk of material impact on the preparation of the financial information, which are represented through a risk and control matrix. This matrix describes the control activities and how they respond to the risks associated with achieving the reliability objectives of the financial information, including fraud. It also details who is responsible for the execution and review of each control activity, and the frequency with which it is to be carried out. Every year this information is included in the internal control review and internal audit process to be carried out by the Internal Audit body.

F.3.2. Policies and procedures of internal control over reporting systems (including, among others, security of access, control of changes, operation thereof, operational continuity, and segregation of duties) that provide support for the significant processes of the entity in connection with the preparation and publication of financial information.

The Finance Department is responsible for ensuring the functioning of the information systems, in particular with regard to the preparation processes of financial information.
The fundamental objectives are to establish technical and organisational measures for the systems, disseminate security policies and standards, minimise risks in the use of information technologies, avoid the loss of sensitive information and to ensure greater integrity, veracity and confidentiality of the information produced.
Throughout the year 2019, the Company has carried out a process of reviewing, updating and recording these control policies and procedures.

F.3.3. Internal control policies and procedures designed to supervise the management of activities outsourced to third parties, as well as those aspects of assessment, calculation, or valuation entrusted to independent experts, which may materially affect the accounts.

The Company periodically reviews the activities carried out by third parties that are relevant to the process of preparing the financial information or could indirectly affect its reliability. In 2019, the Company implemented a new computer application for business resource planning (BRP).
The evaluations, calculations or assessments entrusted to third parties that may materially affect the Financial Statements are subject to an internal review process to verify the correctness of the most significant hypotheses and assumptions used and reviewed and contrasted by the external auditors.
Internationally recognised suppliers are used, ensuring that they are not affected by any event that could hinder their independence.

**F.4. Reporting and communication.**

Indicate whether at least the following are in place and describe their main features:

F.4.1. A specific function charged with defining and updating accounting policies (accounting policy area or department) and with resolving questions or conflicts arising from the interpretation thereof, maintaining fluid communications with those responsible for operations at the organisation, as well as an updated accounting policy manual that has been communicated to the units through which the entity operates.

The Finance Department is responsible for keeping the accounting policies up to date and for resolving any doubts or disputes arising from their interpretation.
The personnel involved in the process of preparing and reviewing the financial information are permanently informed of any accounting or fiscal modification through alert subscriptions from the main auditing firms and regulatory bodies, and they regularly attend training and refresher courses on taxation and accounting matters.

F.4.2. Mechanisms to capture and prepare financial information with standardised formats, to be applied and used by all units of the entity or the group, supporting the principal accounts and the notes thereto, as well as the information provided on the internal control over financial reporting system.

The Company's financial information is prepared through a process of aggregating individual financial statements for subsequent consolidation in accordance with the accounting and consolidation standards applicable to it until the consolidated financial information is obtained.
The mechanism for capturing and preparing the information that supports the Company's Financial Statements is mainly based on the use of a consolidation tool, accessible in all geographical areas.
A large part of the information that supports the breakdowns and report notes is included in the consolidation tool, with the rest being covered through homogeneous electronic formats, called reporting packages, which are prepared for the half-yearly and annual closings.

**F.5. Supervision of the operation of the system.**

Indicate and describe the main features of at least the following:

F.5.1. The activities of overseeing the internal control over financial reporting system (ICFRS) performed by the Audit Committee, and also whether or not the entity has an internal audit department whose duties include providing support to the committee in its task of overseeing the internal control system, including the ICFRS. Information is also to be provided concerning the scope of the assessment of the ICFRS performed during the financial year and on the procedure whereby the person or division charged with performing the assessment reports the results thereof, whether the entity has an action plan in place describing possible corrective measures, and whether the impact thereof on financial information has been considered.

Through the internal audit department, the Company supports the Audit Committee in undertaking its duties, one of which is supervising the functioning of the Company's control environment. The duties of the Internal Audit Department includes, within its annual Internal Audit Plan, the supervision of the Company's ICFRS. This Annual Plan is approved by the Audit Committee and used as the basis for periodic reporting on internal auditing activities.
The Internal Audit Department has supervised specific processes of the ICFRS, reporting the results of its analyses to the departments involved and to the Audit Committee, establishing action plans for the implementation of the recommendations observed, where appropriate.

F.5.2. Indicate whether there is a discussion procedure whereby the auditor (pursuant to TAS), the Internal Audit Department and other experts can report any significant internal control weaknesses encountered during their review of the Financial Statements or other reviews they have been engaged to perform to the company’s senior executives and its Audit Committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses identified.

The Audit Committee shall meet at least twice a year with the external auditors to schedule the audit plan and to review its update.
In addition, meetings are held prior to the preparation of the Financial Statements and whenever the Company is to present the main quarterly, half-yearly or annual results, prior to their proposal for approval by the Board of Directors.
In financial year 2019, the statutory auditors presented a report on internal control weaknesses to the Audit Committee. Following analysis of the report, the management presented an action plan to address such weaknesses. The implementation of improvement measures and the resolution of weaknesses is reviewed by Internal Audit Department.

**F.6. Other relevant information.**

**F.7. External auditor's report.**

Indicate:

F.7.1. Whether the ICFRS information reported to the markets has been submitted for review by the external auditor. If so, the related report should be included in the corresponding report as an Appendix. If not, give reasons why.

The Company has reviewed, updated and documented the ICFRS throughout financial year 2019 and, therefore, it has not been submitted to a specific review by the external auditor, without prejudice to the fact that the auditor's procedures include the assessment of risks of material misstatement taking into account the relevant internal control for the preparation of the Company's Financial Statements.

## G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

State the company's degree of compliance with the recommendations of the Good Governance Code for Listed Companies.

If the company does not comply with any recommendation or follows it partially, there must be a detailed explanation of the reasons providing shareholders, investors, and the market in general with sufficient information to assess the company's course of action. Generalised explanations will not be acceptable.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Complies [ X ]   Explain [ ]

2. When a parent and a subsidiary are listed companies, both should provide detailed disclosure on:

a) The types of activity they engage in, and any business dealings between them, as well as between the listed subsidiary and other group companies.
b) The mechanisms in place to resolve possible conflicts of interest.

Complied [ ]   Complies in part [ ]   Explain [ ]   Not applicable [ X ]

3. During the annual general meeting, the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular regarding:

a) Changes taking place since the previous annual general meeting.

b) The specific reasons why the Company does not follow some of the recommendations of the Good Governance Code and, if any, the alternative rules that apply in this area.

Complies [ ]   Complies in part [ X ]   Explain [ ]

During the Ordinary General Shareholders' Meeting, the chairperson of the Board of Directors reports verbally on the most relevant aspects of corporate governance, referring in many respects to the existence and content of the Annual Corporate Governance Report. In particular, it refers to the content of the report with regard to the issues mentioned in sections (a) and (b) of the recommendation, mentioning that it has been made publicly available on the Company's website and on that of the CNMV.
Therefore, the general part of the requirement recommendation (reporting) is met, but not the specific part (the level of detail to be reported), as the issues mentioned in paragraphs (a) and (b) of the recommendation are not reported in detail (but by reference).

The explanation for the above is that this level of detail is not demanded by shareholders. Furthermore, in view of the size and capitalisation of the Company, the composition of its share capital and the normal course of general meetings, the Company considers that reporting in detail (rather than by reference) on the matters mentioned in sections (a) and (b) of the recommendation would not be a measure that, if implemented, would add value to the company's corporate governance.

4. The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Complies [ X ]   Complies in part [  ]   Explain [ ]

5. The Board of Directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When the Board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Complies [ X ]   Complies in part [  ]   Explain [ ]

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

a) Report on auditor independence.

b) Reports on the operation of the audit committee and the nomination and remuneration committee.

c) Audit Committee report on related-party transactions.

d) Report on the corporate social responsibility policy.

Complies [  ]   Complies in part [ X ]   Explain [ ]

The Company prepares the reports included in subsections 6.a. and 6.b., which are published on the website.

7. The company should broadcast its General Shareholders' Meetings live on the corporate website.

Complies [  ]   Explain [ X ]

The Company does not comply with this recommendation as it understands that the live broadcast is not a shareholder demand. Furthermore, in view of the size and capitalisation of the Company, the composition of its share capital and the normal course of general meetings, the Company considers that live broadcasts would not achieve extensive participation or a significant following and that the costs would outweigh the benefits and, therefore, it would not be a measure that, if implemented, would contribute to improving the effectiveness of the Company's corporate governance.

8. The Audit Committee should strive to ensure that the board of directors can present the company's accounts to the General Shareholders' Meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairperson of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

Complies [ X ] Complies in part [ ] Explain [ ]

9. The company should disclose on its website, on an ongoing basis, its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies [ X ] Complies in part [ ] Explain [ ]

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

a) Immediately circulate the supplementary items and new proposals.

b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the Board of Directors.

c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the Board of Directors, with particular regard to presumptions or deductions about the direction of votes.

d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complied [ ] Complies in part [ ] Explain [ ] Not applicable [ X ]

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complied [ ] Complies in part [ ] Explain [ ] Not applicable [ X ]

12. The Board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complies [ X ]    Complies in part [  ]    Explain [ ]

13. The Board of Directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Complies [ X ]    Explain [ ]

14. The Board of Directors should approve a director selection policy that:

a) Is specific and verifiable.
b) Ensures that appointment or re-election proposals are based on a prior analysis of the Board's needs.
c) Promotes diversity as to knowledge, experience and gender.

The results of the prior analysis of Board needs should be written up in the Appointments Committee's explanatory report, to be published when the general meeting is convened which will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total Board places occupied by women directors before the year 2020.

The Appointments Committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Complies [ X ]    Complies in part [  ]    Explain [ ]

The Board of Directors has approved a policy for the selection of directors that (a) is specific and verifiable; (b) ensures that proposals for appointment and re-election are based on a prior analysis of the needs of the Board of Directors; and (c) favours the diversity of knowledge, experience and gender.
At 31 December 2019, 3 of the 7 directors (42.86%) were women, meeting the target of women representing at least 30% of the total Board of Directors by 2020.

15. Proprietary and independent directors should constitute an ample majority on the Board of Directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Complies [ X ]   Complies in part [  ]   Explain [ ]

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.

b) In companies with a plurality of shareholders represented on the Board but not otherwise related.

Complies [ X ]   Explain [ ]

17. Independent directors should represent at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 % of capital, independent directors should occupy, at least, a third of board places.

Complies [ X ]   Explain [ ]

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

a) Professional and biographic profile.
b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.
d) Dates of their first appointment as a board director and subsequent re-elections.
e) Shares held in the company and any options thereon.

Complies [ X ]   Complies in part [  ]   Explain [ ]

19. Following verification by the Appointments Committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3% of capital; and explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complied [ ] Complies in part [ ] Explain [ ] Not applicable [ X ]

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the number of the latter should be reduced accordingly.

Complied [ ] Complies in part [ ] Explain [ ] Not applicable [ X ]

21. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where they find just cause, following a report by the Appointments Committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the position of board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies [ X ] Explain [ ]

22. Companies should establish rules obliging directors to inform the Board of Directors of any circumstance that might harm the company's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the offences stated in company legislation, the Board of Directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The Board should give a reasoned account of all such determinations in the annual corporate governance report.

Complies [ X ] Complies in part [ ] Explain [ ]

23. All directors should express their clear opposition when they feel a proposal submitted for the Board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking Board representation.

When the Board makes material or reiterated decisions about which a director has expressed serious reservations, then he/she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the Secretary of the Board, director or otherwise.

Complied [ ]     Complies in part [ ]     Explain [ ]     Not applicable [ X ]

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the Board. Irrespective of whether such resignation is filed as a significant event, the reason therefor must be explained in the annual corporate governance report.

Complies [ X ]     Complies in part [ ]     Explain [ ]     Not applicable [ ]

25. The Appointments Committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The Board of Directors regulations should lay down the maximum number of company boards on which directors can serve.

Complies [ ]     Complies in part [ X ]     Explain [ ]

The Company complies with the first paragraph of the recommendation. With regard to the second, since until now the directors who are part of other boards have been spending the time required to correctly undertake their duties as directors of the Company. As such, the Company does not deem it necessary to limit the number of other boards the directors can be a member of.

26. The Board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies [ X ]     Complies in part [ ]     Explain [ ]

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Complies [ ]     Complies in part [ X ]     Explain [ ]

The Company complies with the first part of the recommendation, but not with the second part. In the case of the director absences that have occurred, the absent directors did not grant representation with specific instructions, as they did not deem it necessary due to the corresponding agenda.

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the Company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

Complied [ ]   Complies in part [ ]   Explain [ ]   Not applicable [ X ]

29. The Company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending, if necessary, to external assistance at the company's expense.

Complies [ X ]   Complies in part [ ]   Explain [ ]

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies [ X ]   Explain [ ]   Not applicable [ ]

31. The agendas of Board meetings should clearly indicate on which points directors must arrive at a decision in order for them to study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairperson may wish to present decisions or resolutions for Board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly recorded in the minutes, of the majority of directors present.

Complies [ X ]   Complies in part [ ]   Explain [ ]

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Complies [ X ]   Complies in part [ ]   Explain [ ]

33. The chairman, as the individual responsible for the efficient functioning of the Board of Directors, in addition to exercising the duties legally and statutorily attributed to him, prepares and submits to the Board of Directors a programme of dates and matters to be dealt with; organises and coordinates the periodic evaluation of the Board, as well as, where appropriate, that of the chief executive of the Company; is responsible for the management of the
Board and the effectiveness of its operation; ensures that sufficient discussion time is spent on strategic issues; and agrees and reviews the refresher programmes for each director, when circumstances so warrant.

Complies [ X ]   Complies in part [  ]   Explain [ ]

34. When a coordinating independent director has been appointed, the bylaws or Board of Directors regulations should grant him or her the following powers over and above those conferred by law: chair the Board of Directors in the absence of the chairperson or vice-chairpersons, if they exist; give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairperson's succession plan.

Complied [  ]   Complies in part [  ]   Explain [  ]   Not applicable [ X ]

35. The Board secretary should strive to ensure that the Board's actions and decisions are informed by the good governance recommendations contained in this Good Governance Code that are of relevance to the company.

Complies [ X ]   Explain [ ]

36. The Board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct deficiencies detected in:

a) The quality and efficiency of the Board's operation.
b) The performance and membership of its committees.
c) The diversity of Board membership and competences.
d) The performance of the chairman of the Board of Directors and the Company's chief executive.
e) The performance and contribution of individual directors, with particular attention to the chairpersons of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report by the Appointments Committee.

Every three years, the Board of Directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the Appointments Committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Complies [ X ] Complies in part [ ] Explain [ ]

37. When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary of the Board should also act as secretary to the executive committee.

Complied [ ] Complies in part [ ] Explain [ ] Not applicable [ X ]

38. The Board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the minutes of executive committee meetings.

Complied [ ] Complies in part [ ] Explain [ ] Not applicable [ X ]

39. All members of the Audit Committee, particularly its chairperson, should be appointed in relation to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.

Complies [ X ] Complies in part [ ] Explain [ ]

40. There should be a unit in charge of the Internal Audit Department, under the supervision of the Audit Committee, to monitor the effectiveness of reporting and internal control systems. This unit should report functionally to the Board's non-executive chairperson or the chairperson of the Audit Committee.

Complies [ X ]   Complies in part [  ]   Explain [ ]

41. The head of the unit handling the Internal Audit Department should present an annual work programme to the Audit Committee, inform it directly of any incidents arising during its implementation and submit an activity report at the end of each year.

Complies [ X ]   Complies in part [  ]   Explain [  ]   Not applicable [  ]

42. The Audit Committee should have the following functions over and above those legally assigned:

1. In connection with information and internal control systems:

a) Supervise the preparation process and the completeness of the financial information concerning the Company and, where applicable, the Group, reviewing compliance with regulatory requirements, the appropriate delimitation of the consolidation scope and the correct application of accounting principles.
b) Ensure the independence of the unit handling the internal auditing; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. In connection with the external auditor:

a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
c) Ensure that the company notifies any change of external auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
d) Ensure that the external auditor has a yearly meeting with the Board in full to inform it of the work undertaken and developments in the Company's risk and accounting positions.
e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies [ X ]   Complies in part [ ]   Explain [ ]

43. The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies [ X ]   Complies in part [ ]   Explain [ ]

44. The Audit Committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the Board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complied [ ]   Complies in part [ ]   Explain [ ]   Not applicable [ X ]

45. The risk control and management policy should identify at least:

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off- balance-sheet risks.
b) The determination of the risk level the company sees as acceptable.
c) The measures in place to mitigate the impact of identified risk events should they occur.
d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance- sheet risks.

Complies [ X ]   Complies in part [ ]   Explain [ ]

46. Companies should establish a risk control and management function in the charge of one of the company's internal departments or units and under the direct supervision of the Audit Committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.
b) Actively participate in the preparation of the risk strategy and in key decisions regarding their management.
c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the Board of Directors.

Complies [ X ]   Complies in part [ ]   Explain [ ]

47. Members of the Appointments and Remuneration committee—or of the appointments committee and remuneration committee, if separately constituted—should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies [ X ]   Complies in part [ ]   Explain [ ]

48. Large cap companies should operate separately constituted appointments and remuneration committees.

Complies [ ]      Explain [ ]      Not applicable [ X ]

49. The Appointments Committee should consult with the Company's chairperson and chief executive, especially on matters relating to executive directors.

When there are vacancies on the Board, any director may approach the Appointments Committee to propose candidates that it may consider suitable.

Complies [ X ]   Complies in part [ ]      Explain [ ]

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the board the standard conditions for senior officer contracts.
b) Monitor compliance with the remuneration policy set by the company.
c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.
d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
e) Verify the information on director and senior officers' pay contained in different corporate documents, including the annual directors' remuneration statement.

Complies [ X ]   Complies in part [ ]      Explain [ ]

51. The Remuneration Committee should consult with the company's chairperson and chief executive, especially on matters relating to executive directors and senior officers.

Complies [ X ]   Complies in part [ ]      Explain [ ]

52. The terms of reference of supervision and control committees should be set out in the regulations of the Board of Directors and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

a) Committees should be formed exclusively by non-executive directors, with a majority of independents.
b) They should be chaired by independent directors.
c) The Board should appoint the members of such committees in relation to the knowledge, skills and experience of its directors and each committee's tasks; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.
d) They may engage external advice, when they deem it necessary for the discharge of their functions.
e) Meeting proceedings should be minuted and a copy made available to all board members.

Complied [ ]   Complies in part [ ]   Explain [ ]   Not applicable [ X ]

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the Appointments Committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the Board under its powers of self-organisation, with at the least the following functions:

a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.
b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.
c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.
d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
e) Monitor corporate social responsibility strategy and practices and assess their degree of compliance.
f) Monitor and evaluate the company's interaction with its stakeholder groups.
g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Complies [ X ]   Complies in part [  ]   Explain [ ]

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

a) The goals of its corporate social responsibility policy and the support instruments to be deployed.
b) The corporate strategy with regard to sustainability, the environment and social issues.
c) Specific practices in matters relating to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conduct.
d) The methods or systems for monitoring the results of the specific practices referred to above, and identifying and managing related risks.
e) The mechanisms for supervising non-financial risk, ethics and business conduct.
f) Channels for stakeholder communication, participation and dialogue.
g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies [ X ] Complies in part [ ] Explain [ ]

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Complies [ X ] Complies in part [ ] Explain [ ]

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Complies [ X ] Explain [ ]

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans, retirement schemes or other welfare schemes, should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. This condition, however, will not apply to shares that the director must dispose of to defray costs related to their acquisition.

Complies [ X ] Complies in part [ ] Explain [ ]

No shares have been delivered to directors (whether executive or otherwise) in 2019. However, in the case of the CEO (the only executive director and the only director to receive variable remuneration), his variable remuneration is linked to the performance of the Company as well as to his personal performance.

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies [ X ]   Complies in part [ ]   Explain [ ]   Not applicable [ ]

Executive directors are the only directors with a share of their annual variable remuneration and multi-year variable remuneration for the years 2018 to 2020 (inclusive).
In this regard, the annual variable remuneration includes measurable performance criteria related to business objectives (50% of the total variable) such as achieving a given EBITDA, the performance of the backlog and the generation of new backlog. Likewise, the annual variable remuneration includes, as objectives, the adoption of specific non-financial measures, such as the implementation of BRP management systems and the use by the organisation of different modules within them. Likewise, variable remuneration includes personal objectives (25% of the total variable) linked to leadership actions related to their position and management objectives (25% of the total variable) linked to managerial improvement actions related to their position.
The multi-year remuneration plan (2018-2020) includes objectives linked to the EBITDA generated by the development and construction department, the cash returns generated by the POWGEN division and the generation of new "backlog" projects on finalising the remuneration programme. In addition, the multi-year remuneration plan includes, as a corrective factor of the definitive amount, a coefficient equal to the ratio of the arithmetic mean of the Company's share price during the sessions from 1 October 2020 to 31 December 2020 (both inclusive) in terms of the Company's share price at the time of admission to trading.
In this way, variable remuneration, in addition to being linked to predetermined and measurable performance criteria, promotes the sustainability of the Company (including non-financial criteria that create value in the long term) and it is established based on a balance between the fulfilment of short, medium and long-term objectives, which allow performance to be rewarded for continued performance over a period of at least 3 years.

A major part of variable remuneration items should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Complies [ X ]   Complies in part [ ]   Explain [ ]   Not applicable [ ]

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

Complied [ ]    Complies in part [ ]    Explain [ ]    Not applicable [ X ]

A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies [ ]    Complies in part [ ]    Explain [ X ]    Not applicable [ ]

The Company's multi-year incentive plan -in which the executive directors participate- contemplates, as a corrective factor of the definitive amount, a coefficient equal to the ratio of the arithmetic mean of the Company's share price during the sessions from 1 October 2020 to 31 December 2020 (both inclusive) in terms of the Company's share price at the time of admission to trading.

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

This condition, however, will not apply to shares that the director must dispose of to defray costs related to their acquisition.

Complied [ ]    Complies in part [ ]    Explain [ ]    Not applicable [ X ]

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Complies [ X ]    Complies in part [ ]    Explain [ ]    Not applicable [ ]

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

Complies [ X ]    Complies in part [ ]    Explain [ ]    Not applicable [ ]

## H. OTHER IMPORTANT INFORMATION

1. If there are any significant aspects regarding corporate governance at the company or at entities of the group that are not included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the corporate governance structure and practices at the entity or its group, briefly describe them.

2. In this section, you may also include any other information, clarification, or comment relating to the prior sections of this report provided that they are relevant and not repetitive.

   Specifically, state whether the company is subject to laws other than Spanish laws regarding corporate governance and, where applicable, include any information that the company is required to provide which is different to the information required in this report.

3. The company may also state whether it has voluntarily adhered to other international, sectoral or any other codes of ethical principles or good practices. If so, state the code in question and the date of adherence thereto. In particular, mention whether there has been adherence to the Code of Good Tax Practices of 20 July 2010:

Not applicable

This annual corporate governance report was approved by the Company's Board of Directors at its meeting held on:

27/02/2020

State whether any directors voted against or abstained in relation to the approval of this Report.

[ ] Yes
[ √ ] No

**IDENTIFICATION DETAILS OF THE ISSUER**

End of Reporting Period: 31/12/2019

Corporate Tax Number (CIF): A95363859

Registered Name:

**SOLARPACK CORPORACION TECNOLOGICA, S.A.**

Registered Address:

AVENIDA DE ALGORTA, 16-3º (GETXO) VIZCAYA

## A. THE COMPANY'S REMUNERATION POLICY FOR THE CURRENT YEAR

A.1. Explain the current directors' remuneration policy for the current year. Insofar as it is relevant, certain information may be included by reference to the remuneration policy approved by the General Shareholders' Meeting, provided that its inclusion is clear, specific and concrete.

A description must be given of the specific decisions for the current financial year, both regarding directors' remuneration for their status as such and for the performance of executive duties, which the Board has carried out in accordance with what is set out in the contracts signed with the executive directors and with the remuneration policy approved by the general meeting.

In any case, the following aspects should be reported as a minimum:

- Description of the company's procedures and bodies involved in determining and approving the remuneration policy and its conditions.
- State and, where appropriate, explain whether comparable companies have been taken into account in establishing the company's remuneration policy.
- Information on whether any external advisor has participated and, if so, the identity of the advisor.

In any organisation, the remuneration policy is considered a key element in value creation. This is also how the company understands the remuneration of the members of the Board of Directors and, therefore, the search for the creation of value is the principle behind Article 42 of the Articles of Association, which regulates the remuneration of said members: "ARTICLE 42. Remuneration of Directors. 1. Director remuneration, by reason of their position, shall be paid in one fixed annual instalment determined by the General Meeting, which shall be distributed by the Board of Directors in the manner in which it sees fit. Such distribution should take into account the position of each director, the duties and responsibilities assigned to them by the Board and their position on different Committees, which may give rise to different remuneration for each director. Likewise, the Board is also responsible for establishing the frequency and form of payment, which may include the insurance and pension systems in effect at any given time.
2. The amount of the annual instalment for the Board of Directors shall be that decided by the General Meeting, which shall remain in effect unless amended by the General Meeting, although the Board of Directors may reduce this amount in the financial periods in which such reduction is deemed convenient. 3. The remuneration referred to in this article shall be compatible and independent from the payment of any fees or wages that may be owned by the Company in return for the provision of services or due to an employment relationship, as the case may be, originating from a contractual relationship different from that arising from the position of Director. Any such payments shall be subject the applicable legal system. 4. In addition, and notwithstanding the foregoing, when a director is assigned executive duties a contract shall be required between this director and the Company, in accordance with the applicable legal provisions. This contact shall detail all areas for which remuneration may be obtained for performing executive duties, including, where appropriate, any compensation for early termination of said duties and the amounts payable by the Company for insurance premiums or contributions to savings systems. Contracts for executive directors must be pre-approved by the Board of Directors with a favourable vote from two thirds of the Board members. In addition, said contracts must comply with the remuneration policy approved by the General Shareholders' Meeting. The Director in question shall refrain from participating in such deliberations and from voting on the matter. The contract shall detail all areas for which remuneration may be obtained for performing executive duties. Directors shall receive no remuneration for performing executive duties if the amounts or areas of these duties are not provided for in the corresponding contract. 5. Director remuneration shall conform to the remuneration policy approved by the General Meeting and, when applicable, to the specific resolutions passed by the General Meeting outside of said policy with regard to director remuneration. 6. In addition, the Company shall take out civil liability insurance for its Directors under the usual terms and conditions and in proportion to the specific circumstances of the Company."
The current remuneration policy was approved in November 2018 by the General Shareholders' Meeting in the context of the IPO. This approval was given, unanimously, on the proposal of the Board of Directors at a Shareholders' Meeting with all shares in attendance. The foregoing is understood without prejudice to the procedures and bodies of the Company that must be involved and followed in the future, in accordance with the provisions of the Articles of Association, the Regulations of the Board of Directors and applicable corporate legislation. For the current fiscal year, the partial modification of the remuneration policy is expected to be submitted to the General Shareholders' Meeting for approval in order to modify the fixed remuneration of the executive directors, to increase the variable remuneration of the executive directors up to a maximum of 75% of the fixed remuneration and to remove the possibility that the executive directors receive other items of remuneration such as per diems for directors or remuneration for the position of chairman. Likewise, the remuneration policy will include the possibility of the Board of Directors establishing remuneration both in consideration of singular achievements that have contributed decisively to the Company's revenue and in consideration of the financial losses in their annual remuneration incurred by those persons who assume the position of executive director of the Company, abandoning the executive or managerial positions that they had previously been holding in other companies outside the Group and up to the time they assumed the position of executive director of the Company. Similarly, the contracts with the executive directors approved by the Board of Directors may contain indemnities, in normal market terms, for termination or periods of post-contractual non-competition.

When establishing the remuneration policy, they have been considered comparable in the market. In order to choose comparable companies to establish the remuneration policy, both companies from the same sector of activity and size as the Company and companies from the Company's environment have been compared.
No outsiders have been involved.

- The relative importance of variable remuneration items compared to the fixed remuneration items (remuneration mix) and what criteria and objectives have been taken into account in determining them and to guarantee an appropriate balance between the fixed and variable components of remuneration. In particular, state the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to adapt it to the company's long-term goals, values and interests. This may include, where appropriate, a reference to measures established to ensure that the company's long-term results are factored into the remuneration policy, measures taken in relation to categories of employees that perform professional activities with material repercussions on the entity's risk profile and measures aimed at preventing conflicts of interest, where applicable.

  Moreover, state whether the company has established any period of accrual or consolidation of certain variable remuneration items, in cash, shares or other financial instruments, a period of deferral in the payment of amounts or delivery of financial instruments already accrued and consolidated, or whether any clause has been agreed to reduce deferred remuneration or oblige the director to return remuneration received, when such remuneration has been based on data which has subsequently been clearly proven to be inaccurate.

The variable remuneration of the executive directors consists of an annual variable remuneration that can amount to up to 75% of the total fixed remuneration and a multiannual remuneration for the years 2018-2020. The variable annual remuneration includes measurable performance criteria relating to financial and business objectives (50% of the total) such as achieving a certain EBITDA, achieving a certain volume of revenue in the "DEVCON" segment, generating new "backlog" or generating free cash flow up to certain thresholds in the "POWGEN" area and non-financial objectives such as adapting compliance with the ICFRS or launching new business initiatives. Likewise, variable remuneration includes personal objectives (25% of the total variable) linked to leadership actions related to the position and management objectives (25% of the total variable) linked to management improvement actions related to the position, such as the adaptation of risk management models, drawing up a long-term business plan for the group, preparing a succession plan or proactively presenting inorganic growth opportunities.
In the case of financial and business objectives, they are calculated proportionally as long as the agreed minimum objectives have been achieved. In some cases where non-financial objectives (whether personal, management or linked to corporate objectives) are included, their achievement is evaluated in a binary manner.
The multi-year remuneration plan (2018-2020) includes objectives linked to the EBITDA generated by the development and construction department, the cash returns generated by the POWGEN division and the generation of new "backlog" projects on finalising the remuneration programme. Additionally, the Company's multi-year incentive plan -in which the executive directors, senior management and key personnel participate- contemplates, as a corrective factor of the definitive amount, a coefficient equal to the ratio of the arithmetic mean of the Company's share price during the sessions from 1 October 2020 to 31 December 2020 (both inclusive) in terms of the Company's share price at the time of admission to trading.
In this way, variable remuneration, in addition to being linked to predetermined and measurable performance criteria, promotes the sustainability of the Company (including non-financial criteria that create value in the long term) and it is established based on a balance between the fulfilment of short, medium and long-term objectives, which allow performance to be rewarded for continued performance over a period of at least 3 years.
Finally, the variable remuneration plan for executive directors includes a remuneration return clause in the sense set out in this section.

- Amount and nature of the fixed components that directors are expected to accrue during the year for their status as such.

In accordance with the Company's remuneration policy, each and every one of the directors (in their capacity as such) will receive a fixed annual allowance of a maximum of 30,000 euros. For the financial year 2020, the partial modification of the remuneration plan for the periods 2018-2020 will be proposed at the General Shareholders' Meeting, by virtue of which this allocation for attendance at the Boards will not apply to the executive directors. This fixed allocation may be reduced in proportion to the number of Board meetings not attended, taking into consideration the total number of meetings held during the year. In addition to the above, due to their special dedication, the following persons receive the following additional amounts: (i) the chairperson of the Board of Directors, 87,600 euros, except in the case of being an executive director; (ii) the chairpersons of the Audit Committee and of the Appointments and Remuneration Committee, 7,500 euros, each; and (iii) the other members of the Audit Committee and of the Appointments and Remuneration Committee, 2,500 euros, each.

- Amount and nature of the fixed components that will be accrued in the year for executive directors' performance of senior management duties.

With effect from 15 February 2020, the total fixed annual remuneration for executive directors will be 270,000 euros. Until 15 February 2020, the fixed remuneration amount for financial year 2019 is maintained. This change is included in the partial amendment of the annual remuneration plan that will be submitted for approval at the next General Shareholders' Meeting of the Company.

- The amount and nature of any component of remuneration in kind that will be accrued in the financial year including, but not limited to, the insurance premiums paid for the director.

Not applicable

- Amount and nature of the variable components, differentiating between those established in the short and long term. Financial and non-financial parameters, the latter including social, environmental and climate change parameters, selected to determine the variable remuneration in the current year, an explanation of the extent to which these parameters relate to the performance of both the director and the entity and to its risk profile, and the methodology, period required and techniques envisaged to determine, at the end of the year, the degree of compliance with the parameters used to design the variable remuneration.

  State the range, in monetary terms, of the different variable components according to the degree of compliance with the objectives and parameters set, and whether there is any maximum monetary amount in absolute terms.

The variable remuneration of the executive directors, during the current financial year, after approval by the General Shareholders' Meeting of the partial modification of the current remuneration policy, consists of an annual variable remuneration that can amount to up to 75% of the total fixed remuneration and a multiannual remuneration for the years 2018-2020. The variable annual remuneration includes measurable performance criteria relating to financial and business objectives (50% of the total) such as achieving a certain EBITDA in the "POWGEN" and "Services" areas (accounting to 20% of this section), achieving a certain volume of income in the "DEVCON" segment (accounting to 20% of the total of this section), the generation of new "backlog" (accounting to 20%), the generation of free cash flow up to certain thresholds in the "POWGEN" area (accounting to 15%), ensuring an adequate degree of compliance with the ICFRS (accounting to 12.5%) and the launch of new electricity marketing products (accounting to 12.5% of the total of this section). Likewise, variable remuneration includes personal objectives (25% of the total variable) linked to leadership actions related to the position and management objectives (25% of the total variable) linked to management improvement actions related to the position, such as the adaptation of risk management models, drawing up a long-term business plan for the group, preparing a succession plan or proactively presenting inorganic growth opportunities.
In the case of financial and business objectives, they are calculated proportionally as long as the agreed minimum objectives have been achieved. Where non-financial objectives (whether personal, management or linked to corporate objectives) are included, their achievement is evaluated in a binary manner.
The multi-year remuneration plan (2018-2020) includes objectives linked to the EBITDA generated by the development and construction department, the cash returns generated by the POWGEN division and the generation of new "backlog" projects on finalising the remuneration programme. Additionally, the Company's multi-year incentive plan -in which the executive directors, senior management and key personnel participate- contemplates, as a corrective factor of the definitive amount, a coefficient equal to the ratio of the arithmetic mean of the Company's share price during the sessions from 1 October 2020 to 31 December 2020 (both inclusive) in terms of the Company's share price at the time of admission to trading.
In the event that the level of compliance was 100%, the CEO would receive, as remuneration for the multi-year variable, 350% of the average annual fixed remuneration during the financial years 2018 to 2020. In the case of the current vice-chairman, with executive functions since 15 February 2020, the same multi-year remuneration plan will be applied to him, albeit pro rata to the period in which he has carried out executive functions during the validity of said plan.
In light of the foregoing, variable remuneration, in addition to being linked to predetermined and measurable performance criteria, promotes the sustainability of the Company (including non-financial criteria that create value in the long term) and it is established based on a balance between the fulfilment of short, medium and long-term objectives, which allow performance to be rewarded for continued performance over a period of at least 3 years.

- Main features of the long-term savings systems. Among other information, the following must be stated: any contingencies covered by the system, if it is a defined contribution or benefit system, the annual contribution to be made to defined contribution systems, the benefit to which the beneficiaries are entitled regarding defined benefit systems, the conditions of consolidation of the economic rights of the directors and their compatibility with any type of payment or compensation for dissolution or early termination, or deriving from the termination of the contractual relationship, under the terms envisaged, between the company and the director.

  State whether the accrual or consolidation of any of the long-term savings schemes is linked to the achievement of certain targets or parameters related to the short and long-term performance of the director.

Not applicable

- Any type of payment or compensation for dissolution or early termination or that deriving from the termination of the contractual relationship under the terms established between the company and the director, whether the termination is at the will of the company or of the director, as well as any type of agreed pacts, such as exclusivity, post-contractual non-compete and long-service or loyalty clauses, which give the director the right to any type of payment.

Not applicable

- State the conditions that must be met in the contracts of those performing senior management duties as executive directors. Among other information, indicate the term, limits on the sum of severance payments, long-service clauses, advance notice deadlines and payment in substitution of the advance notice, as well as any other clauses relating to contract premiums, compensation or redundancy payments for early termination or termination of the contractual relationship between the company and the executive director. Include the non-compete, exclusivity, long-service or loyalty agreements and post-contractual non-compete clauses, among other items, unless they have been explained in the previous section.

The contracts of the executive directors do not provide for a fixed term or a period of notice regarding their termination, and the executive directors may be dismissed in accordance with the provisions of the Company's Articles of Association, the Board Regulations and applicable corporate legislation.

In the event of contract termination due to withdrawal from executive duties or their dismissal or separation, executive directors shall be entitled to compensation equal to the sum of the annual fixed remuneration, plus the annual on-target variable remuneration for one year, corresponding to the calendar year prior to that in which the separation or dismissal took place. Similarly, executive directors shall receive compensation equal to the annual fixed remuneration for the calendar year prior to that in which the separation or termination took place by way of compensation for the one-year non-competition obligation.
Furthermore, the remuneration policy will include the possibility of the Board of Directors establishing remuneration both in consideration of singular achievements that have contributed decisively to the Company's revenue and in consideration of the financial losses in their annual remuneration incurred by those persons who assume the position of executive director of the Company, abandoning the executive or managerial positions that they had previously been holding in other companies outside the Group and up to the time they assumed the position of executive director of the Company. Similarly, the contracts with the executive directors approved by the Board of Directors may contain indemnities, in normal market terms, for termination or periods of post-contractual non-competition.

- The nature and estimated amount of any other supplementary remuneration that will be accrued by the directors in the current financial year in consideration for services rendered other than those inherent to their position.

Not applicable

- Other remuneration items such as those deriving, where applicable, from the company granting the director advances, loans and guarantees and other remuneration.

Not applicable

- The nature and estimated amount of any supplementary remuneration envisaged and not included in the previous sections, whether paid by the entity or another group entity, which will be accrued by directors in the current financial year.

Not applicable

A.2. Explain any significant change in the remuneration policy applicable to the current year arising from:

- A new policy or a modification of the policy already approved by the Board.
- Significant changes in the specific decisions established by the Board for the current financial year of the remuneration policy in force with respect to those applied the previous year.
- Any proposals that the Board of Directors has agreed to submit to the General Shareholders' Meeting to which this annual report will be submitted and which are proposed for applicability in the current financial year.

The remuneration policy agreed by the General Shareholders' Meeting on 9 November 2018 for the financial years 2018 to 2020 is applicable. It will be proposed to the Ordinary General Shareholders' Meeting to be held in the current financial year that the aforementioned policy be partially amended for the purposes of modifying the fixed remuneration of the executive directors up to the amount of 270,000 euros, increasing the amount of the variable remuneration up to a maximum of 75% of the fixed remuneration and excluding, with regard to the executive directors, the receipt of any other type of allowance for attendance at meetings or for the exercising of the position of chairperson of the Board.
Furthermore, the remuneration policy will include the possibility of the Board of Directors establishing remuneration both in consideration of singular achievements that have contributed decisively to the Company's revenue and in consideration of the financial losses in their annual remuneration incurred by those persons who assume the position of executive director of the Company, abandoning the executive or managerial positions that they had previously been holding in other companies outside the Group and up to the time they assumed the position of executive director of the Company. Similarly, the contracts with the executive directors approved by the Board of Directors may contain indemnities, in normal market terms, for termination or periods of post-contractual non-competition.

A.3. Identify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

https://www.solarpack.es/accionistas-e-inversores/gobierno-corporativo/reglamentos/

A.4. Considering the data provided in section B.4, explain how the vote of the shareholders was taken into account at the general meeting at which the annual remuneration report for the previous year was put to a vote on an advisory basis.

Insofar as the 2018 annual remuneration report has been approved, in an advisory capacity, with 98.94% of the votes in favour, 0.96% against and 0.1% abstentions, no circumstances have been considered in relation to this.

## B. OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE PAST YEAR

B.1. Explain the process followed to apply the remuneration policy and determine the individual remuneration set out in section C of this report. This information shall include the role played by the Remuneration Committee, the decisions taken by the board of directors and, where applicable, the identity and role of the external advisors whose services have been used in the process of applying the remuneration policy during the previous financial year.

The Appointments and Remuneration Committee proposes the individual remuneration of the executive directors and the other basic conditions of their contracts as well as the amount of the annual remuneration of the other directors for approval by the Board of Directors. The remuneration proposal is made in accordance with the remuneration policy approved by the General Meeting for the period 2018-2020.
For the purposes of proposing the fixed allocation of directors, their attendance at the various board meetings held during the year is taken into account.
The variable remuneration of the CEO is determined in accordance with the indicators and weightings set by the Board of Directors, following a report from the Appointments and Remuneration Committee.
No external advisors have been used for the application of the remuneration policy in the closed financial year.

B.2. Explain the different actions taken by the company in relation to the remuneration system and how they have helped to reduce exposure to excessive risks and to adapt it to the company's long-term goals, values and interests, including a reference to measures established to ensure that the company's long-term results are factored into the remuneration accrued and a balance is achieved between the fixed and variable remuneration components, what measures have been taken in relation to categories of employees that perform professional activities with material repercussions on the entity's risk profile and what measures have been taken aimed at preventing conflicts of interest, where applicable.

The CEO and senior management of the Company are participating in a multi-year remuneration programme for the years 2018 to 2020, which has been described in section A. Through the implementation of this plan, the variable remuneration of the executive director and of the Company's key professionals is linked to the achievement of the objectives of the Company's long-term business plan. It is also a tool for retaining talent, since the perception of this variable, as long as the objectives set are met, is conditioned by the fact that the manager continues to maintain his/her position in the Company or has assumed greater responsibilities during the period in question. In order to avoid potential conflicts, the Appointments and Remuneration Committee will annually review the performance evaluations of the executive directors as well as the evaluations of the senior managers carried out periodically by the CEO, informing the Board of Directors about the evaluations and the suitability of the senior managers for their positions. The Appointments and Remuneration Committee is also responsible for ensuring compliance with the remuneration policy, periodically reviewing the remuneration policy for senior executives and proposing its amendment and updating to the Board of Directors, proposing the individual remuneration of executive directors and the other basic conditions of their contracts for approval by the Board of Directors, and reporting and submitting to the Board of Directors the proposals of the Chairperson of the Board or the CEO relating
to the remuneration structure of senior executives and the basic conditions of their contracts, following a report from the Committee, including any compensation or indemnity that may be established in the event of separation.
Finally, the variable remuneration plan for the CEO includes a remuneration return clause in the event that it has been paid based on inaccurate or erroneous data.

B.3. Explain how the remuneration accrued during the year complies with what is set out in the remuneration policy in force.

Also report on the relationship between the remuneration received by directors and the entity's profits or other short- and long-term means of gauging performance, by explaining, where appropriate, how changes in the company's performance may have affected variations in director remuneration, including that accrued but where payment has been deferred, and how they contribute to the short- and long-term profit and loss of the company.

The CEO was the only director with a variable remuneration component during the last financial year. In this sense, their variable remuneration consists of an annual variable remuneration and a multi-year variable remuneration for the years 2018 to 2020. Both variable remuneration schemes are largely linked to the achievement of a series of measurable objectives that have a direct impact on the Company's short- and long-term results.
Specifically, the variable remuneration of the CEO, sole executive director at 31 December 2019, consists of an annual variable remuneration that can amount to up to 40% of the total fixed remuneration and a multiannual remuneration for the years 2018-2020. The variable annual remuneration includes measurable performance criteria relating to financial and business objectives such as achieving a given EBITDA, the construction of the existing backlog or the generation of a new backlog, as well as other non-financial objectives linked to personal or management objectives corresponding to the executive activity.

The multi-year remuneration plan (2018-2020) includes objectives linked to the EBITDA generated by the development and construction department, the cash returns generated by the POWGEN division and the generation of new "backlog" projects on finalising the remuneration programme.
Additionally, the Company's multi-year incentive plan -in which the executive directors, senior management and key personnel participate- contemplates, as a corrective factor of the definitive amount, a coefficient equal to the ratio of the arithmetic mean of the Company's share price during the sessions from 1 October 2020 to 31 December 2020 (both inclusive) in terms of the Company's share price at the time of admission to trading.
In this way, variable remuneration, in addition to being linked to predetermined and measurable performance criteria, is established based on a balance between the fulfilment of short, medium and long-term objectives, which allow performance to be rewarded for continued performance over a period of at least 3 years.

## B.4. Report on the outcome of the advisory vote by the general meeting regarding the annual report on remuneration from the previous year, indicating the number of votes against that were cast, if any

| | Number | % of the total |
|---|---|---|
| Votes cast | 28,711,030 | 86.34 |

| | Number | % of votes cast |
|---|---|---|
| Votes against | 274,956 | 0.96 |
| Votes in favour | 28,406,429 | 98.94 |
| Abstentions | 29,645 | 0.10 |

## B.5. Explain how the fixed components accrued during the year by directors for their status as such were determined and how they varied with regard to the previous year.

During the 2019 financial year, the fixed components in favour of all directors for their attendance at board meetings amounted to a maximum of 30,000 euros per director. This amount may be reduced in proportion to the number of meetings that a director did not attend out of the total number of meetings held during the year. In accordance with the remuneration policy, this concept amounted to 22,000 euros during the 2018 financial year. The remuneration of the chairperson of the Board of Directors amounted to 87,600 euros, the same as in 2018. The CEO received 188,900 euros as fixed remuneration in his capacity as such, which entails an increase of 1.2% on 2018.

## B.6. Explain how the salaries accrued during the previous year by each of the executive directors for the performance of their managerial roles were determined and how they varied with regard to the previous year.

The CEO received 30,000 euros for his attendance at the meetings. This concept, which is the same for all the directors, amounted to 22,000 euros in 2018 (until November 2018, being, proportionally, 30,000 euros a year from that date onwards).
Furthermore, 188,900 euros were accrued under the concept of fixed remuneration for holding the position of director, up 1.2% on the previous year.
Finally, the variable annual remuneration amounts to up to 40% of the fixed remuneration. During the financial year 2019, 81.96% of the total objectives set for the accrual of this remuneration were reached, resulting in a total of 61,929 euros (compared to 60,677.5 euros accrued for the same concept in 2018).

## B.7. Explain the nature and main features of the variable components of the remuneration systems accrued in the previous financial year.

In particular:

- Identify each of the remuneration schemes that determined the different variable remunerations accrued by each of the directors during the previous year, including information on their scope, date of approval, date of implementation, accrual periods and validity, criteria used to assess performance and how this has impacted on the determining the variable amount accrued, as well as the measurement criteria used and the period required to be able to adequately measure all of the conditions and criteria stipulated.

  In the case of schemes involving share options or other financial instruments, the scheme's general features shall include information on the conditions for both acquiring unconditional ownership (consolidation) and for exercising these options or financial instruments, including the price and term for exercising them.

- All directors, and their status (Executive Directors, External Proprietary Directors, Independent External Directors or other External Directors), who are beneficiaries of remuneration systems or schemes involving variable remuneration.

- Where applicable, report on the established accrual periods or payment deferment periods that have been applied and/or the withholding/non-disposal periods of shares or other financial instruments, should these exist.

  Explain the short-term variable components of the remuneration systems:

During the financial year 2019, the CEO's variable annual compensation (the only director with variable compensation during said year) amounted to a maximum percentage of 40% of his total fixed remuneration.
The calculation of variable remuneration during the 2019 financial year is based on the following predetermined criteria (some of which are of a non-financial nature):
A- 25% of the total, accruable depending on the achievement of personal objectives, linked to aptitudes and attitudes related to position such as showing leadership, promoting teamwork or refocusing delegation in the team.
B- 25% of the total, accruable in accordance with management objectives linked to the relationship with investors and to certain significant projects of the Company.
C- 50% of the total, refundable depending on the fulfilment of the following corporate business objectives:
(i) Objective 1: Reaching a certain level of EBITDA in the POWGEN and Services divisions. In this case, based on an objective EBITDA, the achievement of the target is calculated proportionally.
(ii) Objective 2: Achieving the completion of a certain number of projects to be built in 2019. In this case, based on an objective MWdc, the achievement of the target is calculated proportionally.
(iii) Objective 3: Generating new backlog measured in MWdc. In this case, based on an objective MWdc and new backlog, the achievement of the target is calculated proportionally.
(iv) Objective 4: Consolidating the implementation and use of various modules of the corporate BRP. It's achievement is determined in a binary manner.

Considering the foregoing, the achievement of section A would have been 88%, the achievement of section B would have been 67% and the achievement of section C would have been 86.24%, which means that 81.96% of the objectives set for the annual variable have been achieved.

Explain the long-term variable components of the remuneration systems:

As described above, the CEO is participating in a multi-year incentive plan, the main conditions of which for the accrual of this variable remuneration, depending on the Group's various business units, are the EBITDA obtained during the 2018-2020 financial year, the generation of cash and the increase in the Company's project portfolio, either in the form of backlogs or projects under construction. In this regard, the variable remuneration linked to the year-on-year plan is accrued over a three-year period, thus avoiding any possible negative effects that could be generated in the short term. The calculation of this remuneration will take place during the first quarter of 2021, once the final financial year included in the multi-year plan has ended.

Additionally, the Company's multi-year incentive plan -in which the executive directors, senior management and key personnel participate- contemplates, as a corrective factor of the definitive amount, a coefficient equal to the ratio of the arithmetic mean of the Company's share price during the sessions from 1 October 2020 to 31 December 2020 (both inclusive) in terms of the Company's share price at the time of admission to trading.

At 31 December 2019, there was no long-term variable remuneration plan for the remaining directors.

B.8. State whether certain variable components have been reduced or claimed back when, in the first case, payment has been consolidated and deferred or, in the second case, consolidated and paid, on the basis of data which has subsequently been proven to be manifestly inaccurate. Describe the amounts reduced or refunded by applying the clawback clauses, why they were executed, and the years to which they relate.

Not applicable

B.9. Explain the main features of the long-term savings systems whose sum or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefits, partially or wholly funded by the company, whether provided internally or externally, indicating the type of scheme, whether it is a defined contribution or defined benefit scheme, the contingencies it covers, the consolidation conditions of the financial rights to which Directors are entitled and their compatibility with any type of compensation for early dissolution or termination of the contractual relationship between the company and the Director.

Not applicable

B.10. Explain, where applicable, the compensation or any other type of payment arising from early termination, whether at the will of the company or of the director, or from the termination of the contract, under the terms provided therein, accrued and/or received by the directors in the previous financial year.

Not applicable

B.11. State whether there have been any significant changes in the contracts of those performing senior management duties as executive directors and, where applicable, explain them. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless they have already been explained in section A.1.

In 2019, there were no significant changes.

B.12. Explain any supplementary remuneration accrued by the directors in compensation for services rendered other than those inherent to their position.

Not applicable

B.13. State any remuneration arising from advances, loans and guarantees granted, indicating the interest rate, essential features and amounts potentially repaid, as well as the obligations undertaken on account thereof in relation to guarantees.

Not applicable

B.14. Set out the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the different salary components.

Not applicable

B.15. State the remuneration accrued by the director pursuant to payments made by the listed company to a third-party entity in which the director provides services, when said payments are intended to compensate such party's services at the company.

Not applicable

B.16. Explain any other remuneration items other than the ones above, regardless of their nature or the group entity that pays them, especially those classified as related-party transactions or if issuance distorts the true and fair view of the total remuneration accrued by the director.

Not applicable

## C. DETAILED INFORMATION ON THE INDIVIDUAL REMUNERATION RELATING TO EACH OF THE DIRECTORS

| Name | Type | Accrual period: 2019 financial year |
|---|---|---|
| MR JOSE GALÍNDEZ ZUBIRIA | Proprietary chairman | From 01/01/2019 to 31/12/2019 |
| MR PABLO BURGOS GALINDEZ | CEO | From 01/01/2019 to 31/12/2019 |
| MR IGNACIO ARTAZCOZ BARRENA | Independent vice-chairman | From 01/01/2019 to 31/12/2019 |
| MS INÉS ARELLANO GALÍNDEZ | Proprietary Director | From 01/01/2019 to 31/12/2019 |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | Independent Director | From 01/01/2019 to 31/12/2019 |
| MS GINA DOMANIG | Independent Director | From 01/01/2019 to 31/12/2019 |
| MR RAFAEL CANALES ABAITUA | Proprietary Director | From 25/01/2019 to 31/12/2019 |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | Proprietary Director | From 01/01/2019 to 25/01/2019 |

C.1. Complete the following tables on the individual remuneration for each of the directors (including remuneration for performing executive duties) accrued during the year.

a) Remuneration from the company issuing this report:

i) Remuneration accrued in cash (in thousands of €)

| Name | Fixed remuneration | Attendance fees | Remuneration for membership on board committees | Salary | Short-term variable remuneration | Long-term variable remuneration | Severance payments | Other items | Total 2019 t | Total 2018 t |
|---|---|---|---|---|---|---|---|---|---|---|
| MR JOSE GALÍNDEZ ZUBIRIA | 88 | 30 | | | | | | | 118 | 112 |
| MR PABLO BURGOS GALINDEZ | 189 | 30 | | | 62 | | | | 281 | 273 |
| MR IGNACIO ARTAZCOZ BARRENA | | 30 | 10 | | | | | | 40 | 10 |
| MS INÉS ARELLANO GALÍNDEZ | | 30 | 2 | | | | | | 32 | 10 |

| Name | Fixed remuneration | Attendance fees | Remuneration for membership on board committees | Salary | Short-term variable remuneration | Long-term variable remuneration | Severance payments | Other items | Total 2019 t | Total 2018 t |
|---|---|---|---|---|---|---|---|---|---|---|
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | | 30 | 10 | | | | | | 40 | 10 |
| MS GINA DOMANIG | | 27 | | | | | | | 27 | 4 |
| MR RAFAEL CANALES ABAITUA | | 27 | 2 | | | | | | 29 | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | | 3 | 1 | | | | | | 4 | 24 |

## Remarks

On 25 January 2019, Mr Antonio Galíndez stepped down as a proprietary director and on the same date, Mr Rafael Canales was appointed, through co-option, as the new proprietary director.
In the case of the CEO, it is noted that for accounting purposes an accounting provision of 943 thousand has been included in the Financial Statements in relation to the long-term multi-year plan. However, it should be noted that the accrual for this multi-year plan, with the final sum set, will occur on 31 December 2020, with the collection of the corresponding sum being enforceable on 31 March 2021.

ii) Table showing activity in share-based remuneration systems and gross profit from consolidated shares or financial instruments.

| Name | Scheme name | Financial instruments at beginning of 2019 t | | Financial Instruments granted during 2019 t | | Financial instruments consolidated during the year | | | | Mature instruments not exercised | Financial instruments at the end of 2019 t | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares / consolidated | Consolidated share price | Gross profit from consolidated shares or financial instruments (thousand €) | No. of instruments | No. of instruments | No. of equivalent shares |
| MR JOSE GALÍNDEZ ZUBIRIA | Scheme | | | | | | | 0.00 | | | | |
| MR PABLO BURGOS GALINDEZ | Scheme | | | | | | | 0.00 | | | | |
| MR IGNACIO ARTAZCOZ BARRENA | Scheme | | | | | | | 0.00 | | | | |

| Name | Scheme name | Financial instruments at beginning of 2019 t | | Financial Instruments granted during 2019 t | | Financial instruments consolidated during the year | | | | Mature instruments not exercised | Financial instruments at the end of 2019 t | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares / consolidated | Consolidated share price | Gross profit from consolidated shares or financial instruments (thousand €) | No. of instruments | No. of instruments | No. of equivalent shares |
| MS INÉS ARELLANO GALÍNDEZ | Scheme | | | | | | | 0.00 | | | | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | Scheme | | | | | | | 0.00 | | | | |
| MS GINA DOMANIG | Scheme | | | | | | | 0.00 | | | | |
| MR RAFAEL CANALES ABAITUA | Scheme | | | | | | | 0.00 | | | | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | Scheme | | | | | | | 0.00 | | | | |

Remarks

iii) Long-term savings systems.

| Name | Remuneration for consolidation of rights in savings systems |
|---|---|
| MR JOSE GALÍNDEZ ZUBIRIA | |
| MR PABLO BURGOS GALINDEZ | |
| MR IGNACIO ARTAZCOZ BARRENA | |

| Name | Remuneration for consolidation of rights in savings systems |
|---|---|
| MS INÉS ARELLANO GALÍNDEZ | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | |
| MS GINA DOMANIG | |
| MR RAFAEL CANALES ABAITUA | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | |

| | Company's contribution for the year (thousand €) | | | | Amount of accumulated funds (thousands of €) | | | |
|---|---|---|---|---|---|---|---|---|
| Name | Savings systems with consolidated economic rights | | Savings systems with unconsolidated economic rights | | Savings systems with consolidated economic rights | | Savings systems with unconsolidated economic rights | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| MR JOSE GALÍNDEZ ZUBIRIA | | | | | | | | |
| MR PABLO BURGOS GALINDEZ | | | | | | | | |
| MR IGNACIO ARTAZCOZ BARRENA | | | | | | | | |
| MS INÉS ARELLANO GALÍNDEZ | | | | | | | | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | | | | | | | | |
| MS GINA DOMANIG | | | | | | | | |
| MR RAFAEL CANALES ABAITUA | | | | | | | | |

| Name | Company's contribution for the year (thousand €) | | | | Amount of accumulated funds (thousands of €) | | | |
|---|---|---|---|---|---|---|---|---|
| | Savings systems with consolidated economic rights | | Savings systems with unconsolidated economic rights | | Savings systems with consolidated economic rights | | Savings systems with unconsolidated economic rights | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | | | | | | | | |

| Remarks |
|---|
| |

iv) Details of other items

| Name | Item | Remuneration Amount |
|---|---|---|
| MR JOSE GALÍNDEZ ZUBIRIA | Item | |
| MR PABLO BURGOS GALINDEZ | Item | |
| MR IGNACIO ARTAZCOZ BARRENA | Item | |
| MS INÉS ARELLANO GALÍNDEZ | Item | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | Item | |
| MS GINA DOMANIG | Item | |
| MR RAFAEL CANALES ABAITUA | Item | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | Item | |

Remarks

b) Remuneration for the Company Directors for membership on the boards of other Group companies:

i) Remuneration accrued in cash (in thousands of €)

| Name | Fixed remuneration | Attendance fees | Remuneration for membership on board committees | Salary | Short-term variable remuneration | Long-term variable remuneration | Severance payments | Other items | Total 2019 t | Total 2018 t |
|---|---|---|---|---|---|---|---|---|---|---|
| MR JOSE GALÍNDEZ ZUBIRIA | | | | | | | | | | |
| MR PABLO BURGOS GALINDEZ | | | | | | | | | | |
| MR IGNACIO ARTAZCOZ BARRENA | | | | | | | | | | |
| MS INÉS ARELLANO GALÍNDEZ | | | | | | | | | | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | | | | | | | | | | |
| MS GINA DOMANIG | | | | | | | | | | |
| MR RAFAEL CANALES ABAITUA | | | | | | | | | | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | | | | | | | | | | |

Remarks

ii) Table showing activity in share-based remuneration systems and gross profit from consolidated shares or financial instruments.

| Name | Scheme name | Financial instruments at beginning of 2019 t | | Financial Instruments granted during 2019 t | | Financial instruments consolidated during the year | | | | Mature instruments not exercised | Financial instruments at the end of 2019 t | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares / consolidated | Consolidated share price | Gross profit from consolidated shares or financial instruments (thousand €) | No. of instruments | No. of instruments | No. of equivalent shares |
| MR JOSE GALÍNDEZ ZUBIRIA | Scheme | | | | | | | 0.00 | | | | |
| MR PABLO BURGOS GALINDEZ | Scheme | | | | | | | 0.00 | | | | |
| MR IGNACIO ARTAZCOZ BARRENA | Scheme | | | | | | | 0.00 | | | | |
| MS INÉS ARELLANO GALÍNDEZ | Scheme | | | | | | | 0.00 | | | | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | Scheme | | | | | | | 0.00 | | | | |
| MS GINA DOMANIG | Scheme | | | | | | | 0.00 | | | | |
| MR RAFAEL CANALES ABAITUA | Scheme | | | | | | | 0.00 | | | | |

| Name | Scheme name | Financial instruments at beginning of 2019 t | | Financial Instruments granted during 2019 t | | Financial instruments consolidated during the year | | | | Mature instruments not exercised | Financial instruments at the end of 2019 t | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares | No. of instruments | No. of equivalent shares / consolidated | Consolidated share price | Gross profit from consolidated shares or financial instruments (thousand €) | No. of instruments | No. of instruments | No. of equivalent shares |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | Scheme | | | | | | | 0.00 | | | | |

| Remarks |
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| |

iii) Long-term savings systems.

| Name | Remuneration for consolidation of rights in savings systems |
|---|---|
| MR JOSE GALÍNDEZ ZUBIRIA | |
| MR PABLO BURGOS GALINDEZ | |
| MR IGNACIO ARTAZCOZ BARRENA | |
| MS INÉS ARELLANO GALÍNDEZ | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | |
| MS GINA DOMANIG | |

| Name | Remuneration for consolidation of rights in savings systems |
|---|---|
| MR RAFAEL CANALES ABAITUA | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | |

| Name | Company's contribution for the year (thousand €) | | | | Amount of accumulated funds (thousands of €) | | | |
|---|---|---|---|---|---|---|---|---|
| | Savings systems with consolidated economic rights | | Savings systems with unconsolidated economic rights | | Savings systems with consolidated economic rights | | Savings systems with unconsolidated economic rights | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| MR JOSE GALÍNDEZ ZUBIRIA | | | | | | | | |
| MR PABLO BURGOS GALINDEZ | | | | | | | | |
| MR IGNACIO ARTAZCOZ BARRENA | | | | | | | | |
| MS INÉS ARELLANO GALÍNDEZ | | | | | | | | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | | | | | | | | |
| MS GINA DOMANIG | | | | | | | | |
| MR RAFAEL CANALES ABAITUA | | | | | | | | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | | | | | | | | |

| Remarks |
|---|
| |

iv) Details of other items

| Name | Item | Remuneration Amount |
|---|---|---|
| MR JOSE GALÍNDEZ ZUBIRIA | Item | |
| MR PABLO BURGOS GALINDEZ | Item | |
| MR IGNACIO ARTAZCOZ BARRENA | Item | |
| MS INÉS ARELLANO GALÍNDEZ | Item | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | Item | |
| MS GINA DOMANIG | Item | |
| MR RAFAEL CANALES ABAITUA | Item | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | Item | |

| Remarks |
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| |

c) Summary of remuneration (in thousands of €):
The summary shall include the relevant amounts for all the remuneration items included herein that the director has accrued, in thousands of euros.

| | Remuneration accrued at the Company | | | | | Remuneration accrued at Group companies | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Name | Total cash remuneration | Gross profit from consolidated shares or financial instruments | Remuneration for savings systems | Remuneration for other items | Total 2019 t company | Total cash remuneration | Gross profit from consolidated shares or financial instruments | Remuneration for savings systems | Remuneration for other items | Total 2019 t group |
| MR JOSE GALÍNDEZ ZUBIRIA | 118 | | | | 118 | | | | | |
| MR PABLO BURGOS GALINDEZ | 281 | | | | 281 | | | | | |
| MR IGNACIO ARTAZCOZ BARRENA | 40 | | | | 40 | | | | | |
| MS INÉS ARELLANO GALÍNDEZ | 32 | | | | 32 | | | | | |
| MS BEGOÑA BELTRÁN DE HEREDIA VILLA | 40 | | | | 40 | | | | | |
| MS GINA DOMANIG | 27 | | | | 27 | | | | | |
| MR RAFAEL CANALES ABAITUA | 29 | | | | 29 | | | | | |
| MR ANTONIO GALÍNDEZ ZUBIRÍA | 4 | | | | 4 | | | | | |
| TOTAL | 571 | | | | 571 | | | | | |

| Remarks |
|---|

D. Antonio Galíndez stepped down as a proprietary director on 25 January 2019, and on the same date Mr Rafael Canales was appointed, though co-option, as the new proprietary director. In the case of the CEO, it is noted that for accounting purposes an accounting provision of 943 thousand has been included in the Financial Statements in relation to the long-term multi-year plan. However, it should be noted that the accrual for this multi-year plan, with the final sum set, will occur on 31 December 2020, with the collection of the corresponding sum being enforceable on 31 March 2021.

## D. OTHER IMPORTANT INFORMATION

If there are any relevant issues related to director remuneration that are not contained in the previous sections of this report but which must be included in order to present fuller and more detailed information about the company's remuneration structure and practices in relation to its Directors, explain them here briefly.

During the 2019 financial year, the fixed amount accrued in favour of the CEO amounted to 188,900 euros, compared to the 186,700 euros initially reported, while the second amount (which coincides with the amount received during the 2018 financial year) was updated under the CPI of the previous year.

This annual report on remuneration was approved by the Company’s Board of Directors at its meeting held on:

27/02/2020

State whether any directors voted against or abstained in relation to the approval of this Report.

[ ] Yes
[ √ ] No