Report on Limited Review

GRENERGY RENOVABLES, S.A. and SUBSIDIARIES
Interim Condensed Consolidated Financial Statements
and Interim Consolidated Management Report
for the six-month period ended
June 30, 2021

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REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Translation of a report and condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of GRENERGY RENOVABLES, S.A. at the request of the Company's directors:

Report on the interim condensed consolidated financial statements

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements (hereinafter the interim financial statements) of Grenergy Renovables, S.A. (the Parent Company) and subsidiaries (hereinafter the Group), which consists of the statement of financial position at June 30, 2021, the statement of profit or loss, the statement of changes in equity, the cash flow statement and the explanatory notes thereto, all of which have been condensed and consolidated, for the six-month period then ended. The parent's directors are responsible for the preparation of said interim financial statements in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of interim condensed financial reporting, as per article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on said interim financial statements based on our limited review.

Scope of the review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing audit regulations in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

As a result of our limited review, which under no circumstances should be considered an audit of financial statements, nothing came to our attention that would lead us to conclude that the accompanying interim financial statements for the six month period ended at June 30, 2020 are not prepared, in all material respects, in accordance with the requirements established in International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, in conformity with article 12 of Royal Decree 1362/2007 for the preparation of interim financial statements.

Emphasis of matter

We draw attention to the matter described in accompanying explanatory note 2.1, of the attached summary explanatory notes, which indicates that the abovementioned interim financial statements do not include all the information that would be required for complete interim financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2020. This matter does not modify our conclusion.

Report on other legal and regulatory requirements

The accompanying interim consolidated management report for the six-month period-ended June 30, 2021 contains such explanations as the parent's directors consider necessary regarding significant events which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six-month period ended on June 30, 2021. Our work is limited to verifying the interim consolidated management report in accordance with the scope described in this paragraph and does not include the review of information other than that obtained from the accounting records of Grenergy Renovables, S.A. and its subsidiaries.

Paragraph on other issues

This report has been prepared at the request of the management of the parent, GRENERGY RENOVABLES, S.A., with regard to the publication of the semi-annual financial report required by article 119 of Royal Legislative Decree 4/2015, of October 23.

ERNST & YOUNG, S.L.

(Signed on the original report issued in Spanish)

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David Ruiz-Roso Moyano

September 20, 2021

GRENERGY RENOVABLES S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AT JUNE 30, 2021

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with IAS 34 as adopted by the European Union (see Note 2.1). In the event of a discrepancy, the Spanish-language version prevails.

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2021 AND DECEMBER 31, 2020
(Thousands of euros)

ASSETS	Explanatory notes	06.30.2021	12.31.2020
NON-CURRENT ASSETS		**265,219**	**169,498**
Intangible assets	**Note 5**	**9,240**	**9,142**
Software		66	76
Patents, licenses, trademarks, et al.		9,174	9,066
Property, plant, and equipment	**Note 4**	**233,309**	**144,768**
Land and buildings		76	17
Plant and other PP&E		158,113	61,843
PP&E under construction and prepayments		75,120	82,908
Right-of-use assets		**11,967**	**5,284**
Financial investments		**799**	**87**
Derivatives	**Note 12**	704	-
Other financial assets		95	87
Deferred tax assets		**9,904**	**10,217**
CURRENT ASSETS		**158,935**	**88,700**
Inventories	**Note 6**	**33,967**	**18,168**
Raw materials and other consumables		9,942	519
Plant in progress		637	16,533
Finished products		22,541	-
Prepayments to suppliers		847	1,116
Trade and other receivables		**62,536**	**42,756**
Trade receivables	**Note 7**	38,065	30,258
Other receivables		373	274
Receivable from employees		151	23
Current tax assets		1,096	-
Other receivables from public administrations		22,851	12,201
Financial investments		**30,551**	**6,461**
Other financial assets		30,551	6,461
Accruals		**2,848**	**746**
Cash and cash equivalents	**Note 8**	**29,033**	**20,569**
Cash		29,033	20,569
TOTAL ASSETS		**424,154**	**258,198**

The accompanying Notes 1 to 17 to the interim condensed consolidated financial statements and appendices are an integral part of the consolidated statement of financial position for the six-month period ended June 30, 2021 and the year ended December 31, 2020.

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2021 AND DECEMBER 31, 2020
(Thousands of euros)

EQUITY AND LIABILITIES	Explanatory notes	06.30.2021	12.31.2020
EQUITY		**159,993**	**48,835**
Equity attributed to the Parent company		**160,465**	**49,205**
Share capital	**Note 9.1**	**9,774**	**8,507**
Issued capital		9,774	8,507
Share premium	**Note 9.2**	**109,851**	**6,118**
Reserves	**Note 9.3**	**51,118**	**31,912**
(Shares and participation units of the Parent company)	**Note 9.4**	**(14,040)**	**(8,115)**
Profit for the year attributed to the Parent company		**6,910**	**15,233**
Unrealized gains (losses) reserve		**(3,148)**	**(4,450)**
Hedging transactions	**Note 10**	(1,785)	(1,750)
Currency translation differences		(1,363)	(2,700)
Minority interests		**(472)**	**(370)**
NON-CURRENT LIABILITIES		**170,653**	**143,517**
Provisions	**Note 11**	**10,615**	**3,421**
Borrowings	**Note 12**	**154,205**	**134,505**
Bonds and other marketable debt securities		21,486	21,497
Bank borrowings		120,074	106,608
Finance lease liabilities		9,690	4,200
Derivatives		2,825	2,044
Other financial liabilities		130	156
Deferred tax liabilities		**5,833**	**5,591**
CURRENT LIABILITIES		**93,508**	**65,846**
Provisions	**Note 11**	**3,616**	**839**
Borrowings	**Note 12**	**27,494**	**20,958**
Bonds and other marketable debt securities		750	152
Bank borrowings		24,394	16,717
Finance lease liabilities		1,140	682
Derivatives		303	353
Other financial liabilities		907	3,054
Trade and other payables		**62,398**	**44,049**
Suppliers		58,417	40,327
Other payables		2,446	1,481
Employee benefits payable		608	627
Current income tax liabilities		214	634
Other payables to public administrations		710	979
Customer advances		3	1
TOTAL EQUITY AND LIABILITIES		**424,154**	**258,198**

The accompanying Notes 1 to 17 to the interim condensed consolidated financial statements and appendices are an integral part of the consolidated statement of financial position for the six-month period ended June 30, 2021 and the year ended December 31, 2020.

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(Thousands of euros)

	Explanatory notes	06.30.2021	06.30.2020
CONTINUING OPERATIONS			
Revenue	**Note 3**	**32,261**	**30,818**
Sales		31,196	29,948
Rendering of services		1,065	870
Changes in inventory of finished products and work in progress		**6,645**	**(5,633)**
Work performed by the entity and capitalized	**Note 3**	**50,252**	**27,263**
Cost of sales	**Note 14**	**(67,484)**	**(36,619)**
Other operating income		**524**	**42**
Employee benefits expense		**(4,339)**	**(2,681)**
Other operating expenses	**Note 14**	**(4,477)**	**(3,546)**
Depreciation and amortization		**(2,655)**	**(391)**
Impairment losses and and gains (losses) on disposal of assets		**-**	**712**
Impairment and losses	**Note 4**	-	712
Other gains (losses)		**(99)**	**(162)**
OPERATING PROFIT		**10,628**	**9,803**
Finance income	**Note 14**	**35**	**50**
Finance costs	**Note 14**	**(4,052)**	**(1,300)**
Exchange gains (losses)	**Note 14**	**1,985**	**(1,838)**
Impairment and gains (losses) on disposal of financial instruments	**Note 14**	**(96)**	**-**
FINANCE COST		**(2,128)**	**(3,088)**
PROFIT BEFORE TAX		**8,500**	**6,715**
Income tax	**Note 13**	(1,707)	(2,159)
CONSOLIDATED PROFIT FOR THE PERIOD		**6,793**	**4,556**
PROFIT (LOSS) ATTRIBUTED TO MINORITY INTERESTS		**(117)**	**(32)**
PROFIT FOR THE PERIOD ATTRIBUTED TO THE PARENT		**6,910**	**4,588**
Earnings (losses) per share	**Note 9.6**	**0.25**	**0.19**

The accompanying Notes 1 to 17 to the interim condensed consolidated financial statements and appendices are an integral part of the consolidated statement of profit or loss corresponding to the six-month periods ended on June 30, 2021 and June 30, 2020.

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(Thousands of euros)

A) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Thousands of euros)

	06.30.2021	06.30.2020
CONSOLIDATED PROFIT FOR THE YEAR (I)	**6,793**	**4,556**
Income and expense recognized directly in equity		
- Currency translation differences	1,337	308
- Hedging transactions	(47)	(2,557)
- Tax effect	12	691
TOTAL INCOME AND EXPENSE RECOGNIZED DIRECTLY IN CONSOLIDATED EQUITY (II)	**1,302**	**(1,558)**
Amounts transferred to consolidated statement of profit or loss	-	-
- Currency translation differences	-	-
- Tax effect	-	-
TOTAL AMOUNTS TRANSFERRED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (III)	**-**	**-**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD (I+II+III)	**8,095**	**2,998**
Attributable to:		
Parent company	**8,212**	**3,030**
Minority interests	**(117)**	**(32)**

The accompanying Notes 1 to 17 to the interim condensed consolidated financial statements and appendices are an integral part of the consolidated statement of comprehensive income corresponding to the six-month periods ended on June 30, 2021 and June 30, 2020.

B) CONDENSED CONSOLIDATED STATEMENT OF ALL CHANGES IN EQUITY
(Thousands of euros)

	Share capital	Share premium	Reserves	(Treasury shares)	Profit for the period attributed to the Parent company	Unrealized gains (losses) reserve	Minority interests	Total
BALANCE AT DECEMBER 31, 2019	**8,507**	**6,118**	**15,445**	**(3,328)**	**11,437**	**(931)**	**(150)**	**37,098**
Total consolidated comprehensive income	-	-	-	-	15,233	(3,519)	(126)	11,588
Capital increase	-	-	-	-	-	-	-	-
Transactions with shares of the Parent company (net)	-	-	5,067	(4,787)	-	-	-	280
Changes in the consolidation scope, transfers, and other minor effects	-	-	(37)	-	-	-	(94)	(131)
Appropriation of profit from prior year	-	-	11,437	-	(11,437)	-	-	-
BALANCE AT DECEMBER 31, 2020	**8,507**	**6,118**	**31,912**	**(8,115)**	**15,233**	**(4,450)**	**(370)**	**48,835**
Total consolidated comprehensive income	-	-		-	6,910	1,302	(117)	8,095
Capital increase	1,267	103,733	(1,440)	-	-	-	-	103,560
Transactions with shares of the Parent company (net)	-	-	5,413	(5,925)	-	-	-	(512)
Changes in the consolidation scope, transfers, and other minor effects	-	-	-	-	-	-	15	15
Appropriation of profit from prior year	-	-	15,233	-	(15,233)	-	-	-
BALANCE AT CLOSING OF PERIOD ENDED JUNE 30, 2021	**9,774**	**109,851**	**51,118**	**(14,040)**	**6,910**	**(3,148)**	**(472)**	**159,993**

The accompanying Notes 1 to 17 to the interim condensed consolidated financial statements and appendices are an integral part of the consolidated statement of all changes in equity at June 30, 2021 and December 31, 2020.

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

(Thousands of euros)

	06.30.2021	06.30.2020
A) CASH FLOWS FROM OPERATING ACTIVITIES		
1. Profit before tax	**8,500**	**6,715**
2. Adjustments to profit	**5,094**	**4,640**
a) Depreciation and amortization (+)	2,655	391
b) Impairment losses (+/-)	-	(712)
c) Changes in provisions (+/-)	311	1,873
g) Finance income (-)	(35)	(50)
h) Finance costs (+)	4,052	1,300
i) Exchange gains (losses) (+/-)	(1,985)	1,838
j) Change in fair value of financial instruments (+/-)	96	-
3. Changes in working capital	**(16,615)**	**(8,898)**
a) Inventories (+/-)	(15,798)	3,993
b) Trade and other receivables (+/-)	(19,781)	234
c) Other current assets (+/-)	(2,102)	28
d) Trade and other payables (+/-)	21,041	(12,672)
e) Other current liabilities (+/-)	25	(481)
4. Other cash flows from operating activities	**(2,926)**	**(1,385)**
a) Interest paid (-)	(2,253)	(701)
c) Interest received (+)	35	-
d) Income tax receipts (payments) (+/-)	(708)	(684)
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)	**(5,947)**	**1,072**
B) CASH FLOWS FROM INVESTING ACTIVITIES		
6. Payments on investments (-)	**(99,837)**	**(60,686)**
b) Intangible assets	-	(28)
c) Property, plant, and equipment	(75,642)	(59,341)
e) Other financial assets	(24,195)	(1,317)
8. Cash flows from (used in) investing activities (7+6)	**(99,837)**	**(60,686)**
C) CASH FLOWS FROM FINANCING ACTIVITIES		
9. Proceeds from and payments on equity instruments	**103,047**	**75**
a) Proceeds from issuance of equity instruments (+)	103,560	-
c) Acquisition of equity instruments of the Parent company (-)	(38,179)	(7,156)
d) Disposal of equity instruments of the Parent company	37,666	7,231
10. Proceeds from and payments of financial liabilities	**14,836**	**62,494**
a) Issues (+)	*18,314*	*71,363*
2. Bank borrowings (+)	18,314	71,363
b) Repayment and amortization of:	*(3,478)*	*(8,869)*
2. Bank borrowings (-)	(1,305)	(8,811)
4. Other borrowings (-)	(2,173)	(58)
12. Cash flows from financing activities (+/-9+/-10-11)	**117,883**	**62,569**
D) Effect of changes in exchange rates	(3,635)	525
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (+/-A+/-B+/-C+/-D)	**8,464**	**3,480**
Cash and cash equivalents at beginning of period	20,569	28,773
Cash and cash equivalents at end of period	29,033	32,253

The accompanying Notes 1 to 17 to the interim condensed consolidated financial statements and appendices are an integral part of the consolidated cash flow statement for the six-month periods ended June 30, 2021 and 2020.

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021

1. General information

GRENERGY RENOVABLES, S.A. ("the Parent") was incorporated in Madrid on July 2, 2007 via public deed, as filed at the Mercantile Register of Madrid in Tome 24.430, Book 0, Folio 112, Section 8, Page M-439.423, 1st inscription. Its registered business and tax address, where it also performs its activities, is located at Calle Rafael Botí, nº 26, Madrid.

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

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

At June 30, 2021 the Grenergy Renovables Group is comprised of 149 companies, including the Parent (137 subsidiaries held directly by the Parent and 12 held indirectly via majority shareholdings of a subsidiary). The subsidiaries were consolidated using the full consolidation method. In each of the countries in which the Group operates, it has a parent company which conducts the outsourcing functions arranged under EPC (Engineering, Procurement, and Construction) and O&M (Operation and Management) contracts, or asset-management contracts using company personnel. The remaining subsidiaries are considered Special Purpose Vehicles (SPVs) where each of the solar parks or wind parks are located. Of all the subsidiaries at June 30, 2021, a total of 105 were inactive.

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

The Parent is in turn a member of the Daruan Group, the parent of which is Daruan Group Holding, S.L., a company resident in Spain.

2. Basis of presentation and accounting policies

2.1 Basis of presentation

The annual consolidated financial statements of Grenergy corresponding to FY 2020 were approved by the general shareholder meeting held on June 29, 2021.

The accompanying interim condensed consolidated financial statements at June 30, 2021 for Grenergy were authorized by the Board of Directors on September 20, 2021 in accordance with IAS 34 "Interim financial reporting" and must be read together with the annual consolidated financial statements for the year ended December 31, 2020, prepared in accordance with EC Regulation number 1606/2002 of the European Parliament and of the Council ("IFRS-EU").

Consequently, it was not necessary to include or update some of the notes or estimates included in the aforementioned consolidated financial statements. Instead, the accompanying selected explanatory notes include an explanation of the events or circumstances which are significant for explaining any changes in the financial position, results of operations, comprehensive income, as well as changes in equity and consolidated cash flows of Grenergy from December 31, 2020, the reporting date of the aforementioned consolidated financial statements, until June 30, 2021.

The figures contained in the accompanying interim condensed consolidated financial statements are shown in thousands of euros, except when expressly indicated otherwise.

2.2 Main risks and uncertainties

The main risks and uncertainties are broken down in the consolidated financial statements for FY 2020.

2.3 Accounting policies

a) Standards and interpretations approved by the European Union and applied for the first time during the current reporting period

The accounting standards used to prepare the accompanying interim condensed consolidated financial statements are the same as those used to prepare the consolidated financial statements for the year ended December 31, 2020, as none of the standards, interpretations or amendments that are effective for the first time in the current year have had any impact on the Group's accounting policies.

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

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

2.4 Comparison of information

For comparative purposes the interim condensed consolidated financial statements are presented together with the consolidated statement of financial position and the consolidated statement of changes in equity for the year ended December 31, 2020, as well as the consolidated statement of profit or loss and consolidated cash flow statement for the interim period ended June 30, 2020.

2.5 Seasonality

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

2.6 Consolidation scope

<u>Six-month period ended June 30, 2021</u>

a) New additions to the consolidation scope:

- In the first quarter of 2021 the following companies were incorporated in Colombia: San Agustín Solar, SAS, Santa Marta Solar, SAS, Cerritos Solar, SAS, Buenavista Solar, SAS, Centro Solar, SAS, Montelibano Solar, SAS, and GR Sol de Bayunca, SAS.

- In the first quarter of 2021 the Group acquired the participation units of the following Chilean companies: CE Centinela Solar, SpA, CE Uribe de Anfogasta Solar, SpA, and Chapiquina Solar, SpA. Said business combinations do not amount to a significant balance.

b) Removal from consolidation scope:

- On June 29, 2021 the Parent sold its interests in GR Toromiro, SpA, GR Hornopiren, SpA, GR Tolhuaca, SpA, GR Pumalin, SpA, and GR Patagonia, SpA.

<u>Six-month period ended June 30, 2020</u>

c) New additions to the consolidation scope:

- On March 3, 2020 the following companies were incorporated in Colombia: GR Parque Prado Solar 1 S.A.S E.S.P, GR Parque Brisa Solar 2 S.A.S E.S.P, GR Parque Brisa Solar 3 S.A.S E.S.P, and GR Parque Sandalo 2 S.A.S E.S.P.

d) Removal from consolidation scope:

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

3. Segmented financial reporting

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

The Group classifies the business segments in which it performs its activities under the following operational divisions:

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

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

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

The distribution of revenue and EBITDA amongst the three business segments at the closing of the interim periods ended June 30, 2021 and 2020 is as follows:

	Thousands of euros	
Income	**2021**	**2020**
Development and Construction	74,623	57,211
Energy	6,825	-
Services	1,065	870
Total income	**82,513**	**58,081**

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

	Thousands of euros	
EBITDA	**2021**	**2020**
Development and Construction	10,115	11,352
Energy	4,958	-
Services	367	109
Corporate	(2,157)	(1,979)
Total	**13,283**	**9,482**

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

The income shown in the above table includes the following headings in the accompanying consolidated statement of profit or loss: "Revenue;" "Work performed by the entity and capitalized;" and "Gains (losses) on disposals and other." Further, the amount of income shown in the above table reflects a balance of 50,252 thousand euros for the interim period ended June 30, 2021 and 27,263 thousand euros for the interim period ended June 30, 2020, corresponding to unrealized income from third parties.

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

The total balance for revenue generated during the interim periods ended June 30, 2021 and June 30, 2020 broken down by geographical area, is as follows:

	06.30.2021	**06.30.2020**
Chile	32,206	57,975
Spain	48,740	106
Peru	847	-
Argentina	450	-
Mexico	125	-
Colombia	24	-
Italy	71	-
UK	50	-
Total (thousands of euros)	**82,513**	**58,081**

The Group's assets and liabilities at June 30, 2021 and December 31, 2020 are shown below by geographical location:

Interim period ended June 30, 2021

ASSETS	Spain	Chile	Mexico	Peru	Colombia	Italy	UK	Argentina	Total 06.30.2021
NON-CURRENT ASSETS	**79,052**	**82,313**	**560**	**52,074**	**1,057**	**110**	**77**	**49,976**	**265,219**
Intangible assets	70	5,709	-	-	-	-	-	3,461	9,240
Property, plant, and equipment	65,026	71,788	2	50,501	1,028	108	77	44,779	233,309
Right-of-use assets	8,269	2,083	-	1,567	-	-	-	48	11,967
Financial investments	754	33	4	6	-	2	-	-	799
Deferred tax assets	4,933	2,700	554	-	29	-	-	1,688	9,904
CURRENT ASSETS	**83,741**	**37,020**	**28,644**	**4,739**	**375**	**79**	**36**	**4,301**	**158,935**
Inventories	10,039	1,137	22,547	238	-	-	-	6	33,967
Trade and other receivables	22,217	27,123	4,971	3,987	241	7	5	3,985	62,536
Financial investments	29,609	850	-	91	1	-	-	-	30,551
Accruals	2,543	228	-	-	-	-	-	77	2,848
Cash and cash equivalents	19,333	7,682	1,126	423	133	72	31	233	29,033
TOTAL ASSETS	**162,793**	**119,333**	**29,204**	**56,813**	**1,432**	**189**	**113**	**54,277**	**424,154**

EQUITY AND LIABILITIES	Spain	Chile	Mexico	Peru	Colombia	Italy	UK	Argentina	Total 06.30.2021
EQUITY	**169,859**	**(72)**	**(1,693)**	**(4,274)**	**(288)**	**(15)**	**(3)**	**(3,521)**	**159,993**
Share capital	9,774	-	-	-	-	-	-	-	9,774
Share premium	109,851	-	-	-	-	-	-	-	109,851
Reserves	55,919	2,027	(1,876)	(2,272)	(176)	(9)	-	(2,495)	51,118
Treasury shares	(14,040)	-	-	-	-	-	-	-	(14,040)
Profit (loss)	9,110	430	(43)	(1,277)	(113)	(6)	(3)	(1,188)	6,910
Unrealized gains (losses) reserve	(591)	(2,529)	268	(459)	1	-	-	162	(3,148)
Minority interests	(164)	-	(42)	(266)	-	-	-	-	(472)
NON-CURRENT LIABILITIES	**50,995**	**58,065**	**124**	**29,656**	**-**	**-**	**-**	**31,813**	**170,653**
Provisions	-	954	-	4,404	-	-	-	5,257	10,615
Borrowings	50,820	55,325	-	24,560	-	-	-	23,500	154,205
Deferred tax liabilities	175	1,786	124	692	-	-	-	3,056	5,833
CURRENT LIABILITIES	**47,370**	**11,846**	**13,817**	**13,855**	**191**	**30**	**12**	**6,387**	**93,508**
Provisions	-	864	-	-	-	-	-	2,752	3,616
Borrowings	6,033	5,059	12,636	1,348	-	-	-	2,418	27,494
Trade and other payables	41,337	5,923	1,181	12,507	191	30	12	1,217	62,398
TOTAL EQUITY AND LIABILITIES	**268,224**	**69,839**	**12,248**	**39,237**	**(97)**	**15**	**9**	**34,679**	**424,154**

Year ended December 31, 2020

ASSETS	Spain	Chile	Mexico	Peru	Colombia	Italy	Argentina	Total 12.31.2020
NON-CURRENT ASSETS	**14,492**	**76,506**	**553**	**37,072**	**353**	**2**	**40,520**	**169,498**
Intangible assets	81	5,709	-	-	-	-	3,352	9,142
Property, plant, and equipment	8,158	65,458	2	35,490	322	2	35,336	144,768
Right-of-use assets	1,482	2,160	-	1,578	-	-	64	5,284
Financial investments	49	31	3	4	-	-	-	87
Deferred tax assets	4,722	3,148	548	-	31	-	1,768	10,217
CURRENT ASSETS	**20,008**	**36,435**	**25,095**	**3,192**	**151**	**100**	**3,719**	**88,700**
Inventories	1,178	-	16,808	173	-	-	9	18,168
Trade and other receivables	5,259	29,181	2,934	1,946	58	-	3,378	42,756
Financial investments	6,360	12	-	88	1	-	-	6,461
Accruals	744	2	-	-	-	-	-	746
Cash and cash equivalents	6,467	7,240	5,353	985	92	100	332	20,569
TOTAL ASSETS	**34,500**	**112,941**	**25,648**	**40,264**	**504**	**102**	**44,239**	**258,198**

EQUITY AND LIABILITIES	Spain	Chile	Mexico	Peru	Colombia	Italy	Argentina	Total 12.31.2020
EQUITY	**58,298**	**(1,692)**	**(1,643)**	**(3,016)**	**(170)**	**(9)**	**(2,933)**	**48,835**
Share capital	8,507	-	-	-	-	-	-	8,507
Share premium	6,118	-	-	-	-	-	-	6,118
Reserves	36,262	1,280	(2,318)	(803)	(128)	-	(2,381)	31,912
Profit (loss)	15,689	746	438	(1,469)	(48)	(9)	(114)	15,233
Treasury shares	(8,115)	-	-	-	-	-	-	(8,115)
Unrealized gains (losses) reserve	-	(3,718)	281	(581)	6	-	(438)	(4,450)
Minority interests	(163)	-	(44)	(163)	-	-	-	(370)
NON-CURRENT LIABILITIES	**32,229**	**58,557**	**120**	**24,308**	**-**	**-**	**28,303**	**143,517**
Provisions	-	908	-	-	-	-	2,513	3,421
Borrowings	32,229	55,877	-	23,638	-	-	22,761	134,505
Deferred tax liabilities	-	1,772	120	670	-	-	3,029	5,591
CURRENT LIABILITIES	**39,545**	**11,563**	**9,266**	**3,210**	**39**	**12**	**2,211**	**65,846**
Provisions	-	839	-	-	-	-	-	839
Borrowings	7,436	3,143	7,347	1,289	-	-	1,743	20,958
Trade and other payables	32,109	7,581	1,919	1,921	39	12	468	44,049
TOTAL EQUITY AND LIABILITIES	**130,072**	**68,428**	**7,743**	**24,502**	**(131)**	**3**	**27,581**	**258,198**

4. Property, plant, and equipment

The breakdown and movements during the six-month period ended June 30, 2021 of balances recognized under this heading in the accompanying consolidated statement of financial position are as follows:

	Land and buildings	Parks in operation	Other PP&E items	PP&E under construction	TOTAL
COST					
Balance at 12.31.2020	**17**	**60,344**	**3,721**	**84,562**	**148,644**
Currency translation differences	-	2,549	434	3,042	6,025
Additions	59	1,048	235	76,655	77,997
Transfers	-	87,485	-	(87,485)	-
Provision for dismantling	-	6,909	-	-	6,909
Disposals, derecognitions, and reductions	-	-	-	-	-
Balance at 06.30.2021	**76**	**158,335**	**4,390**	**76,774**	**239,575**
DEPRECIATION					
Balance at 12.31.2020	**-**	**-**	**(2,173)**	**-**	**(2,173)**
Currency translation differences	-	-	19	-	19
Allowance for the year	-	(2,235)	(174)	-	(2,409)
Decreases	-	-	-	-	-
Balance at 06.30.2021	**-**	**(2,235)**	**(2,328)**	**-**	**(4,563)**
IMPAIRMENT					
Balance at 12.31.2020	**-**	**-**	**(49)**	**(1,654)**	**(1,703)**
Currency translation differences	-	-	-	-	-
Allowance for the year	-	-	-	-	-
Decreases	-	-	-	-	-
Balance at 06.30.2021	**-**	**-**	**(49)**	**(1,654)**	**(1,703)**
Net carrying amount at 12.31.2020	**17**	**60,344**	**1,499**	**82,908**	**144,768**
Net carrying amount at 06.30.2021	**76**	**156,100**	**2,013**	**75,120**	**233,309**

The additions during the six-month period ended June 30, 2021 mainly correspond to parks constructed and held for their operation in Spain (Escuderos projects).

No significant items were derecognized during the 6-month period ended June 30, 2021.

The transfers correspond to the net carrying amount of the Duna & Huambos (Peru) and Kosten (Argentina) parks which became operational over the course of the first quarter of 2021.

The balance recognized under "PP&E under construction" in the table above corresponds to the cost of the assets associated with the solar and wind parks.

Further, the Group estimates the costs it will have to cover for dismantling the plants in those cases in which there is a corresponding obligation, recording a non-current provision at June 30, 2021 and December 31, 2020 in the amounts of 7,864 thousand and 908 thousand euros, respectively (Note 11).

The breakdown of PP&E associated with parks at June 30, 2021 and December 31, 2020 is as follows:

				Net carrying amount	
Name of park	**Technology**	**Country**	**Capacity (MW)**	**06.30.2021**	**12.31.2020**
Kosten	Wind	Argentina	24	44,785	35,335
Duna & Huambos	Wind	Peru	36	48,812	34,033
Quillagua	Solar	Chile	103	62,570	60,344
Escuderos	Solar	Spain	200	56,959	4,185
Other developments	Solar/Wind	Spain/Chile/Peru/Colombia/UK/Italy	-	18,094	9,355
TOTAL				**231,220**	**143,252**

Impairment losses

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

At June 30, 2021 all the solar parks and wind parks which the Group owns are obtaining income and reasonably complying with the established business plans, so that the directors consider that there are no indications of any impairment losses on said assets. Likewise, Management performed an impairment test on the asset in Argentina given the situation in said country, as well as on the assets in Peru since the parks have just initiated operations and have incurred some additional costs for development of the project.

Impairment test for Kosten (Argentina)

The most sensitive issues included when evaluating the recoverable amount determined in accordance with value in use are as follows:

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

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

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

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

- In addition, the discount rate used was 9.01% (11.17% in 2020).

<u>Test result</u>

The recoverable amount calculated as value in use of the cash generating unit ("CGU") is 40.7 million euros, greater than the net carrying amount of the CGU assets, so that it was not necessary to recognize any impairment losses.

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

- an increase in the discount rate by 100 basis points would result in impairment losses of 452 thousand euros;

- a decrease of 5% in electricity produced would result in impairment losses of 581 thousand euros;

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

Impairment test for Duna & Huambos (Peru)

The most sensitive issues included when evaluating the recoverable amount determined in accordance with value in use are as follows:

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

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

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

- In addition, the discount rate used was 6.20%.

<u>Test result</u>

The recoverable amount calculated as value in use of the CGU is 48.2 million euros, greater than the net carrying amount of the CGU assets, so that it was not necessary to recognize any impairment losses.

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

- an increase in the discount rate by 100 basis points would not result in recognition of impairment losses;
- a decrease of 5% in electricity produced would not result in recognition of impairment losses;
- a 5% increase in operating and maintenance costs would not result in any impairment losses being recognized.

5. Intangible assets

The breakdown and movements during the six-month period ended June 30, 2021 of balances recognized under this heading in the accompanying consolidated statement of financial position are as follows:

	Patents, licenses, trademarks, et al.	Software	TOTAL
COST			
Balance at 12.31.2020	**9,065**	**120**	**9,185**
Additions	-	-	-
Currency translation differences	109	-	109
Balance at 06.30.2021	**9,174**	**120**	**9,294**
AMORTIZATION			
Balance at 12.31.2020	**-**	**(43)**	**(43)**
Allowance for the year	-	(11)	(11)
Disposals, derecognitions, and reductions	-	-	-
Balance at 06.30.2021	**-**	**(54)**	**(54)**
Balance at 12.31.2020	**9,065**	**77**	**9,142**
Balance at 06.30.2021	**9,174**	**66**	**9,240**

Patents, licenses, trademarks, et al. in the table above mainly correspond to the cost of the assets associated with the solar parks and wind parks. The breakdown by park at June 30, 2021 and December 31, 2020 is as follows:

					Cost	
Name of park	**Technology**	**Country**	**Status**	**Capacity (MW)**	**06.30.2021**	**12.31.2020**
Kosten	Wind	Argentina	Finished	24	3,461	3,352
Quillagua	Solar	Chile	Finished	103	5,710	5,710
TOTAL					**9,171**	**9,062**

Impairment losses

The balance totaling 3,461 thousand euros under "Patents, licenses, trademarks, et al." reflects the fair value of the development acquired when purchasing Kosten, S.A. (Argentina). The impairment test performed on the assets of the CGU corresponding to the wind park in Argentina took the value of these licenses into account (Note 4).

6. Inventories

The breakdown of inventories at the closing of the interim period ended June 30, 2021 and the financial year ended December 31, 2020 is as follows:

	06.30.2021			12.31.2020		
	Cost	**Impairment losses**	**Balance**	**Cost**	**Impairment losses**	**Balance**
Raw materials and other consumables	9,942	-	9,942	519	-	519
Plant in progress	637	-	637	16,533	-	16,533
Finished products	22,541	-	22,541	-	-	-
Prepayments to suppliers	847	-	847	1,116	-	1,116
Total	**33,967**	**-**	**33,967**	**18,168**	**-**	**18,168**

At the reporting dates of June 30, 2021 and December 31, 2020 the Group recognized materials pending utilization in the solar parks under "Raw materials and other consumables" in the respective amounts of 9,942 thousand and 519 thousand euros.

"Finished products" reflects a balance of 22,541 thousand euros at June 30, 2021 (December 31, 2020: 0 thousand euros), which includes construction costs for one photovoltaic solar plant located in Mexico with a capacity of 35 MW (San Miguel de Allende) which is to be sold. At December 31, 2020 this plant was under construction.

7. Trade receivables

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

There is a significant concentration of risk with respect to the trade receivables given that the Group sells the majority of its plants to a reduced number of clients.

At June 30, 2021, "Trade receivables" mainly records the amounts pending collection for the sale of photovoltaic solar plants in the amount of 33,025 thousand euros (December 31, 2020: 29,939 thousand euros). At June 30, 2021, of the aforementioned amount, 16,052 thousand euros correspond to invoices pending issue in connection with "production executed and pending invoice" as a consequence of the positive difference between income recognized for each construction project and the amount invoiced for each such project (December 31, 2020: 21,844 thousand euros).

The Group continually monitors and analyzes the performance of all balances pending collection and subsequent to analysis of the situation the directors considered that credit risk is not significant.

8. Cash and cash equivalents

The breakdown of this heading at the closing of the interim period ended June 30, 2021 and at 2020 year end is as follows:

	Balance at 06.30.2021	Balance at 12.31.2020
Cash in hand	29,033	20,569
Total	**29,033**	**20,569**

Of the amounts shown in the table above, at June 30, 2021 and December 31, 2020 0 and 1,243 thousand euros, respectively, correspond to current accounts pledged for obtaining guarantees.

At June 30, 2021 and December 31, 2020, the use of cash balances was subject to certain restrictions.

9. Capital and reserves

9.1. Share capital

At June 30, 2021 the Parent's share capital amounted to 9,774,419 euros corresponding to 27,926,911 shares with a nominal value of 0.35 euros each.

On March 22, 2021, the Parent carried out a capital increase amounting to 105 million euros via the issue of 3,620,690 new shares at a nominal value of 0.35 euros each and a share premium of 28.65 euros each. The costs for said capital increase totaled 1.4 million euros.

At June 30, 2021 the following shareholders of the Parent held a direct stake of more than 10% of share capital:

Shareholder	Number of shares	Percentage of ownership interest
Daruan Group Holding, S.L.	16,709,790	59.8%

9.2. Share Premium

The share premium amounted *to* 109,850,472 euros at June 30, 2021. This balance can be used for the same purposes as the voluntary reserves of the Parent, including conversion to capital.

9.3. Reserves

The consolidated statement of changes in equity which forms a part of these interim condensed consolidated financial statements provides a breakdown of the aggregate balances and movements for the interim period ended June 30, 2021. The breakdown and composition of the different line items are shown below:

	Balance at 12.31.2020	Increase	Decrease	Balance at 06.30.2021
Parent company reserves:				
Restricted reserves				
Legal reserve	1,447	-	-	1,447
Capitalization reserve	778	740	-	1,518
Unrestricted reserves:				
Voluntary reserves	33,930	20,402	(1,440)	52,892
Total reserves of the Parent	**36,155**	**21,142**	**(1,440)**	**55,857**
Reserves in consolidated companies	**(4,243)**	**-**	**(496)**	**(4,739)**
Total	**31,912**	**21,142**	**(1,936)**	**51,118**

9.4. Own equity instruments

The treasury share portfolio at the closing of the interim period ended June 30, 2021 and FY 2020 is comprised of the following:

	Balance at 06.30.2021	Balance at 12.31.2020
Number of shares in treasury share portfolio	**488,628**	**484,345**
Total treasury share portfolio	**14,040**	**8,115**
Liquidity Accounts	467	200
Fixed Own Portfolio Account	13,573	7,915

During the interim period ended June 30, 2021 and FY 2020, the movements in the treasury share portfolio of the Parent were as follows:

Period ended June 30, 2021

	Treasury shares		
	Number of shares	Nominal value (thousands of euros)	Average acquisition price
Balance at 12.31.2020	**484,345**	**8,115**	**16.75**
Acquisitions	1,187,421	37,613	31.68
Disposals	(1,183,138)	(31,688)	26.78
Balance at 06.30.2021	**488,628**	**14,040**	**28.73**

Year ended December 31, 2020

	Treasury shares		
	Number of shares	**Nominal value**	**Average acquisition price**
Balance at 12.31.2019	**556,815**	**3,329**	**5.98**
Acquisitions	951,635	16,019	16.83
Disposals	(1,024,105)	(11,233)	10.97
Balance at 12.31.2020	**484,345**	**8,115**	**16.75**

The purpose of holding the treasury shares is to maintain them available for sale in the market and for the incentive plan approved for directors, executives, employees, and key collaborators of the Group (Note 9.5).

At June 30, 2021 treasury shares represent 1.7% (December 31, 2020: 2%) of all the Parent's shares.

9.5. Incentive plan for executives and key personnel

At the meeting held on June 26, 2015, the Board of Directors of the Parent approved an incentive plan (Incentive plan I) for certain executives and key personnel based on the granting of options on the Parent's shares.

The beneficiary will be able to acquire:

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

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

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

On June 2, 2016 a second granting of options was approved in the framework of the aforementioned incentive plan. At June 30, 2021 the number of shares set aside for covering this plan totaled 2,000 shares. The exercise price of the share options was established as 1.90 euros per share.

On November 27, 2018 a third granting of options was approved in the framework of the aforementioned incentive plan. At June 30, 2021 the number of shares set aside for covering this plan totaled 157,143 shares. The exercise price of the share options was established as 3.50 euros per share.

On March 29, 2019 a fourth granting of options was approved in the framework of the aforementioned incentive plan. At June 30, 2021 the number of shares set aside for covering this plan totaled 52,800 shares. The exercise price of the share options was established as 6.90 euros per share.

Said incentive plans establish that their settlement will be carried out by delivery of equity instruments to the employees should they exercise the options granted. The exercise prices of the options on shares were established by reference to the fair value of the corresponding equity instruments at the grant date.

At June 30, 2021 there were 79,981 exercisable options (December 31, 2020: 54,381). In 2021, 2,900 options were exercised (2020: 52,668 options).

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

Each year the beneficiary will have the right to exercise up to 25% of the options granted. The right to exercise shall be approved by the Commission for Appointments and Remuneration based on the beneficiary's compliance with the objectives established in the Remuneration Policy for Senior Management. The beneficiary can exercise the share options starting two years from their grant date and for a period of three years. The option's exercise price, which shall be set at the moment the option is granted by the Company, shall be made up of the quoted price on the corresponding market at the closing prior to the grant date and the average value of the quoted share price in the ninety sessions preceding the option grant date. The option can only be exercised if the beneficiary remains in the company.

To date, two option schemes have been granted within the Incentive plan II.

The first was granted on October 2, 2019 with an exercise price of 7.73 euros per share. The number of shares set aside for covering this scheme totaled 56,165 shares. At June 30, 2021 the number of options exercised totaled 13,317.

The second was granted on September 28, 2020 with an exercise price of 15.28 euros per share. The number of shares set aside for covering this second scheme totals 134,513 shares. At June 30, 2021 there were no rights associated with exercised options.

The Group did not recognize any amounts relating to this item since it considered that the fair value of the option price is not significant.

9.6. Earnings (losses) per share

<u>Basic</u>

The basic earnings (losses) per share from continuing operations corresponding to the interim periods ended June 30, 2021 and 2020 were as follows:

	Thousands of euros	
	06.30.2021	06.30.2020
Profit attributable to the partners of the Parent	6,910	4,588
Weighted average number of ordinary shares outstanding	27,440,425	23,753,451
Earnings (losses) per share	**0.25**	**0.19**

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

Diluted

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

10. Unrealized gains (losses) reserve

Hedging transactions

These transactions correspond to the fair value at June 30, 2021 and December 31, 2020 of hedging instruments contracted by the Group to cover changes in interest rates and energy prices (Note 12.5).

11. Provisions and contingencies

The movements during the interim period ended June 30, 2021 in the line items included under this heading in the accompanying consolidated statement of financial position were as follows:

	Provision for penalties	Provision for delays	Provision for guarantees	Provision for dismantling costs	Total
Balance at 12.31.2020	**2,513**	**480**	**359**	**908**	**4,260**
Amounts provisioned	2,906	-	46	6,909	**9,861**
Currency translation differences	84	17	25	47	**173**
Amounts applied	-	-	(63)		**(63)**
Balance at 06.30.2021	**5,503**	**497**	**367**	**7,864**	**14,231**

Provision for penalties

This provision corresponds to the penalties in connection with the commercial start-up of the Kosten wind park, which arose from its electricity supply contract with Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA). In accordance with the aforementioned contract, the Group was committed to ensuring that the wind park would be finished and start commercial operations on August 13, 2019. However, due to different circumstances and events, mainly the bankruptcy of its most significant subcontractor, the wind park could not be completed. Recognition of this provision had a negative effect on June 30, 2021 in the consolidated statement of profit or loss amounting to 311 thousand euros as the Group executed some guarantees issued in its favor in the amount of 5,192 thousand euros which covered this circumstance with its main subcontractor. The Group reached an agreement with CAMMESA to settle the penalty in 48 monthly installments of equal amounts.

Provision for delays and guarantees

At each year end the Group evaluates the need to recognize a provision for guaranteeing and covering any inconsistencies that may arise with respect to materials, supplies, and spare parts delivered as well as penalties due to delays in connecting solar plants.

Provision for dismantling costs

The Group recognizes a provision for dismantling costs when the construction period for the solar and wind plants ends. This provision is calculated by estimating the present value of the obligations assumed in connection with dismantling or retirement and other associated obligations, such as restoration costs for the location on which the installations were constructed. During the six-month period ended June 30, 2021 the Group recognized the provisions against PP&E corresponding to the Duna and Huambos (Peru) and the Kosten (Argentina) parks which became operational in 2021. At December 31, 2020 this provision relates to the Quillagua park in Chile (Note 4).

12. Non-current and current borrowings

The breakdown of these headings in the accompanying consolidated statement of financial position at June 30, 2021 and December 31, 2020 is as follows:

	Non-current borrowings	Current borrowings	Total at 12.31.20	Non-current borrowings	Current borrowings	Total 06.31.21
Bonds and other marketable debt securities	**21,497**	**152**	**21,649**	**21,486**	**750**	**22,236**
Bank borrowings	**106,608**	**16,717**	**123,325**	**120,074**	**24,394**	**144,468**
Loans	106,608	15,052	121,660	120,074	23,567	143,641
Credit lines	-	976	976	-	-	-
Foreign financing - current	-	689	689	-	827	827
Other financial liabilities	**156**	**3,054**	**3,210**	**130**	**907**	**1,037**
Derivatives	**2,044**	**353**	**2,397**	**4,178**	**303**	**4,481**
Finance lease liabilities	**4,200**	**682**	**4,882**	**9,690**	**1,140**	**10,830**
Total	**134,505**	**20,958**	**155,463**	**155,558**	**27,494**	**183,052**

During the six-month period ended June 30, 2021 and the year ended December 31, 2020 the Group complied with the payment of all its financial debt at maturity. Likewise, at the date of authorization of these interim condensed consolidated financial statements the Group had complied with all assumed obligations.

12.1. Bonds and other marketable debt securities

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

In November 2019, the Parent issued bonds under the above program in the nominal amount of 22,000,000 euros at a 4.75% interest rate and maturing in November 2024. Interest accrued in the six-month period ended June 30, 2021 amounted to 598 thousand euros (598 euros for the interim six-month period ended June 30, 2020).

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

This bond issue is subject to fulfillment of a series of covenants, all of which had been fulfilled at December 31, 2020 and all of which are expected to be fulfilled at December 31, 2021.

12.2. Bank borrowings

The breakdown of loans subscribed and their main contractual conditions at June 30, 2021 is as follows:

				Thousands of euros		
Financial entity	**Maturity date**	**Type of guarantee**	**Installments**	**Non-current liabilities**	**Current liabilities**	**Total**
Banco Sabadell	10/20/2021	Corporate	Monthly	-	214	214
Banco Sabadell (USD)	4/19/2021	Corporate	Monthly	-	-	-
KFW Bank	7/31/2034	Project guarantee	Semi-annual	23,468	2,368	25,836
CAF-Banco de Desarrollo de América Latina & ICO	4/30/2036	Project guarantee	Semi-annual	17,984	1,243	19,227
Sinia Capital	11/30/2035	Project guarantee	Semi-annual	5,529	-	5,529
Banco Security, Banco del Estado de Chile, and Penta Vida Compañía de Seguros de Vida	11/8/2036	Project guarantee	Semi-annual	43,466	2,662	46,128
Sinia Renovables	11/8/2036	Project guarantee	Semi-annual	8,708	1,873	10,581
Banco Sabadell (ICO)	4/30/2025	Corporate	Monthly	2,150	730	2,880
Bankinter (ICO)	4/30/2025	Corporate	Monthly	1,477	484	1,961
BBVA (ICO)	5/13/2025	Corporate	Monthly	359	121	480
Bankia (ICO)	4/30/2025	Corporate	Monthly	1,605	520	2,125
Banco Santander (ICO)	4/30/2025	Corporate	Monthly	883	293	1,176
Caixabank (ICO)	4/30/2025	Corporate	Monthly	759	241	1,000
Banco Santander (ICO)	9/1/2025	Corporate	Monthly	818	182	1,000
CIFI Latam	12/30/2021	Project guarantee	Semi-annual	-	12,636	12,636
KFW Bank and Bankinter	8/31/2038	Project guarantee	Semi-annual	-	-	-
KFW Bank and Bankinter	8/31/2038	Project guarantee	Semi-annual	-	-	-
KFW Bank and Bankinter	8/31/2038	Project guarantee	Semi-annual	-	-	-
KFW Bank and Bankinter	8/31/2038	Project guarantee	Semi-annual	-	-	-
FOND-ICO INFRAESTRUCTURAS II, F.I.C.C. (AXIS)	10/31/2038	Project guarantee	Semi-annual	3,217	-	3,217
FOND-ICO INFRAESTRUCTURAS II, F.I.C.C. (AXIS)	10/31/2038	Project guarantee	Semi-annual	3,217	-	3,217
FOND-ICO INFRAESTRUCTURAS II, F.I.C.C. (AXIS)	10/31/2038	Project guarantee	Semi-annual	3,217	-	3,217
FOND-ICO INFRAESTRUCTURAS II, F.I.C.C. (AXIS)	10/31/2038	Project guarantee	Semi-annual	3,217	-	3,217
Natixis	12/31/2027	Project guarantee	Semi-annual	-	-	-
Total				**120,074**	**23,567**	**143,641**

No new loans were contracted during the six-month period ended June 30, 2021.

The borrowings from credit entities in the above table accrue interest at market rates which oscillate between 1.50% and 9.5% depending on the characteristics of each loan.

Project finance

At June 30, 2021 and December 31, 2020 the Group had 10 project finance arrangements amounting to an approximate total of 232 million euros:

- a project finance arrangement granted by KFW Bank to the subsidiary GR Kosten, S.A.U. to build and operate the Kosten wind park (24 MW) in Argentina;

- another two granted by CAF-Banco de Desarrollo de América Latina and by Spain's Instituto de Crédito Oficial (ICO) and Sinia Capital, S.A.C.V. to the subsidiary GR Taruca, S.A.C. for construction and operation of the Duna wind park, and to the subsidiary GR Paino, S.A.C. for construction and operation of the Huambos wind park, both located in Peru and each with a capacity of 18 MW;

- a project finance arrangement granted by Banco Security, Banco del Estado de Chile, Penta Vida Compañía de Seguros de Vida, and Sinia Renovables, S.A.U. to the subsidiary Parque Eólico Quillagua, SpA as borrower for construction and operation of the Quillagua solar park with a capacity of 103 MW;

- a project finance arrangement granted by CIFI Latam to the subsidiary Green Hub for construction and operation of the San Miguel de Allende solar park in Mexico with a capacity of 30MW;

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

- a project finance arrangement granted by Natixis for financing the construction and operation of 14 solar parks, corresponding to PMGDs and PMGs in Chile and for an amount of up to 71.5 million euros.

12.3. Credit facilities and discount lines

At June 30, 2021 and December 31, 2020 the Group had subscribed credit facilities and credit financing for foreign operations with various financial entities. The breakdown of the credit drawn at said dates together with the corresponding contractual terms is as follows:

Interim period ended June 30, 2021

		Thousands of euros		
Financial entity	**Maturity date**	**Credit limit granted**	**Amount drawn**	**Amount available**
SANTANDER	5/23/2023	650	-	650
SABADELL	6/16/2022	500	-	500
BANKINTER	10/20/2021	500	-	500
BBVA	4/29/2023	500	-	500
BANKIA (VISA)	Indefinite	3	-	3
BANCO DE CHILE	10/4/2021	289	-	289
BANCO SABADELL (VISA)	Indefinite	40	-	40
SECURITY (VISA)	Indefinite	8	-	8
Total credit facilities		**2,490**	**-**	**2,490**
SABADELL	6/16/2022	17,800	168	3,224
SANTANDER	Indefinite	12,750	-	-
CAIXABANK-BANKIA	5/27/2022	15,600	-	5,128
BANKINTER	10/20/2022	27,700	68	2,684
BBVA	3/1/2022	24,000	-	11,578
ABANCA	1/25/2022	3,000	591	-
BANCO DE CHILE	10/4/2021	471	-	385
SCOTIABANK	12/15/2021	421	-	76
BANCO SANTANDER	10/1/2021	421	-	217
Total foreign financing		**102,163**	**827**	**23,292**
Total		**104,653**	**827**	**25,782**

Year ended December 31, 2020

		Thousands of euros		
Financial entity	**Maturity date**	**Credit limit granted**	**Amount drawn**	**Amount available**
SANTANDER	5/23/2023	650	-	650
SABADELL	5/10/2021	200	-	200
BANKINTER	10/20/2021	500	487	13
BBVA	4/29/2023	500	488	12
BANKIA (VISA)	Indefinite	3	-	3
BANCO SABADELL (VISA)	Indefinite	30	-	30
SECURITY (VISA)	Indefinite	8	1	7
Total credit facilities		**1,891**	**976**	**915**
SABADELL	Indefinite	13,500	689	2,675
SANTANDER	Indefinite	11,000	-	7,201
BANKIA	5/27/2021	11,000	-	5,750
BANKINTER	10/20/2021	12,700	-	1,873
CAIXABANK	1/23/2021	4,000	-	-
BBVA	3/1/2021	7,500	-	1,177
Total foreign financing		**59,700**	**689**	**18,676**
Total		**61,591**	**1,665**	**19,591**

12.4. Other borrowings

At June 30, 2021 and December 31, 2020 the breakdown of other borrowings held by the Group was as follows:

Interim period ended June 30, 2021

					Thousands of euros		
Lender	**Maturity date**	**Interest rate**	**Type of guarantee**	**Installments**	**Non-current liabilities**	**Current liabilities**	**Total**
Spanish Center for the Development of Industrial Technology (CDTI)	5/12/2022	Zero interest	No	Monthly	130	52	182
Other borrowings (Kosten)	-	-	-	-	-	855	855
Total					**130**	**907**	**1,037**

Year ended December 31, 2020

					Thousands of euros		
Lender	**Maturity date**	**Interest rate**	**Type of guarantee**	**Installments**	**Non-current liabilities**	**Current liabilities**	**Total**
Spanish Center for the Development of Industrial Technology (CDTI)	5/12/2022	Zero interest	No	Monthly	156	52	208
Other borrowings (Kosten)	-	-	-	-	-	1,069	1,069
Other borrowings (PEQ)	-	-	-	-	-	1,933	1,933
Total					**156**	**3,054**	**3,210**

This heading corresponds to the following:

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

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

12.5. Derivative financial instruments

The breakdown of derivative financial instruments at June 30, 2021 and December 31, 2020 is as follows:

	Non-current	Current	Total at 06.30.21	Non-current	Current	Total at 12.31.20
Derivative financial assets						
Energy price hedges	704	-	704	-	-	-
Total	**704**	**-**	**704**	**-**	**-**	**-**
Financial liabilities - derivatives						
Interest rate hedges	2,825	303	3,128	2,044	353	2,397
Total	**2,825**	**303**	**3,128**	**2,044**	**353**	**2,397**

The Group holds the following contracts for derivative financial instruments:

- A non-current liability amounting to 1,332 thousand euros (December 31, 2020: 2,044 thousand euros) and a current liability amounting to 303 thousand euros (December 31, 2020: 353 thousand euros), corresponding to two interest rate swaps contracted to mitigate the effects of fluctuations in the 6-month Libor rate upon which finance expenses are established on loans contracted with banks to finance construction of the solar park included under Quillagua's "PP&E under construction." The notional amounts and fixed rates contracted at June 30, 2021 and December 31, 2020 are as follows:

Park	Financial entity	Notional amount at 06.30.2021	Notional amount at 12.31.2020	Fixed rate
Quillagua	Banco Security	10,581	10,249	6.452%
Quillagua	Banco del Estado de Chile	10,581	10,249	6.452%

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

- A non-current liability amounting to 1,493 thousand euros (December 31, 2020: 0 thousand euros) corresponding to eight interest rate swaps contracted to mitigate the effects of fluctuations in the 1-month Euribor rate upon which finance expenses are established on loans contracted with banks to finance construction of the solar park included under Escudero's "PP&E under construction." The notional amounts and fixed rates contracted at June 30, 2021 and December 31, 2020 are as follows:

Park	Financial entity	Notional amount at 06.30.2021	Notional amount at 12.31.2020	Fixed rate
Escuderos	KFW	7,557	-	0.32%
Escuderos	KFW	7,557	-	0.32%
Escuderos	KFW	7,557	-	0.32%
Escuderos	KFW	7,557	-	0.32%
Escuderos	Bankinter	3,778	-	0.32%
Escuderos	Bankinter	3,778	-	0.32%
Escuderos	Bankinter	3,778	-	0.32%
Escuderos	Bankinter	3,778	-	0.32%

Under the terms of the swap, the Group pays interest at a fixed rate of 0.32% every six months and receives interest at a variable rate of 1-month Euribor. The swap was designated as a cash flow hedge for the interest rate risk associated with the loans granted by KFW and Bankinter. As the terms of the hedging instrument and the covered instrument are the same, it is considered an effective hedge.

- A non-current asset amounting to 704 thousand euros relating to electric energy price contracts, designed to mitigate the effects of changes in pool prices for the sales of Spanish photovoltaic plants corresponding to the Escurderos project. The price contracted ranges from 30 to 40 euros per MWh, maturing in 2033.

12.6. Finance lease liabilities

The main liabilities recognized at June 30, 2021 and December 31, 2020 under this heading in the consolidated statement of financial position are as follows:

Interim period ended June 30, 2021

	Land	Offices	Transport equipment	Total
Non-current lease liabilities	8358	1,122	210	9,690
Current lease liabilities	539	545	56	1,140
TOTAL (thousands of euros)	**8,897**	**1,667**	**266**	**10,830**

Year ended December 31, 2020

	Land	Offices	Transport equipment	Total
Non-current lease liabilities	3,346	750	104	4,200
Current lease liabilities	319	335	28	682
TOTAL (thousands of euros)	**3,665**	**1,085**	**132**	**4,882**

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

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

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

13. Tax situation

The breakdown of income tax expense is as follows:

	06.30.2021	06.30.2020
Current income tax	(2,055)	(2,159)
Deferred tax	348	-
Total	**(1,707)**	**(2,159)**

14. Income and expenses

Cost of sales

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

	06.30.2021			06.30.2020		
	Purchases	Changes in inventories	Total consumption	Purchases	Changes in inventories	Total consumption
Consumption of goods for resale	58,050	9,423	67,473	34,404	2,215	36,619
Work performed by third parties	11	-	11	-	-	-
Total	**58,061**	**9,423**	**67,484**	**34,404**	**2,215**	**36,619**

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

	06.30.2021	06.30.2020
Spain	43,577	8,917
Imports	14,484	25,487
Total	**58,061**	**34,404**

Social security costs, et al

The breakdown of this heading in the consolidated statement of profit or loss at June 30, 2021 and June 30, 2020 is as follows:

	06.30.2021	06.30.2020
Social security payable by the Company	645	430
Other employee welfare expenses	46	29
Total	**691**	**459**

The Group's average number of employees during the interim periods ended June 30, 2021 and June 30, 2020 by professional category is as follows:

Category	06.30.2021	06.30.2020
Directors and Senior Management	9	9
Department directors	26	22
Other	175	116
Total	**210**	**147**

The breakdown by gender of employees, directors, and senior management at June 30, 2021 and June 30, 2020 is as follows:

	06.30.2021			06.30.2020		
Category	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Directors and Senior Management	6	3	**9**	6	3	**9**
Department directors	24	4	**28**	19	4	**23**
Other	137	49	**186**	86	29	**115**
Total	**167**	**56**	**223**	**111**	**36**	**147**

The Group had no employees under contract with disabilities greater than or equal to 33% during 2021 or 2020.

Other operating expenses

The breakdown of this heading in the consolidated statement of profit or loss at June 30, 2021 and June 30, 2020 is as follows:

Type	**06.30.2021**	**06.30.2020**
Leases	172	135
Repairs and maintenance	152	90
Maintenance of plants	1,622	-
Professional services	943	712
Insurance	106	71
Bank services	240	178
Advertising and publicity	116	38
Supplies	65	64
Other	349	357
Other taxes	12	28
Losses on, impairment of, and changes in trade provisions	700	1,873
Total	**4,477**	**3,546**

Finance income and costs

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

	06.30.2021	**06.30.2020**
Income	**35**	**50**
Interest from other financial assets	35	50
Expenses	**(4,052)**	**(1,300)**
Interest on borrowings	(4,052)	(1,300)
Exchange gains (losses)	**1,985**	**(1,838)**
Impairment and gains (losses) on disposal of financial instruments	**(96)**	**-**
Finance cost	**(2,128)**	**(3,088)**

15. Transactions with related parties

15.1. Balances and transactions with related parties

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

At the closing of the interim period ended June 30, 2021 and the year ended December 31, 2020 no balances with related parties were recognized.

The breakdown of transactions carried out with related parties during the six-month periods ended June 30, 2021 and 2020 is as follows:

	06.30.2021			06.30.2020		
	Parent company	**Key management personnel**	**Other related parties**	**Parent company**	**Key management personnel**	**Other related parties**
Expenses	**(242)**	**360**	**(45)**	**(96)**	**(357)**	**(291)**
Purchases	..	-	-	-	-	(239)
Leases	(242)	-	(45)	(96)	-	(52)
Remuneration (Note 15.2)	-	360	-	-	(357)	-

The transactions with related parties carried out during the six-month periods ended June 30, 2021 and 2020 relate to the normal course of the Group's business and were generally carried out on an arm's length basis.

15.2. Remuneration for directors and senior management

During the six-month periods ended June 30, 2021 and 2020, the directors of the Parent were not granted any advances or credit, nor did the Parent assume any obligations on their behalf by way of guarantees extended. Likewise, the Parent has no pension or life insurance commitments for any of its current or former directors.

The amounts accrued by members of the Board of Directors during the six-month periods ended June 30, 2021 and 2020 were as follows:

Type of remuneration	**06.30.2021**	**06.30.2020**
Remuneration for membership of Board and/or Board committees	72	69
Salaries	78	78
Variable remuneration in cash	67	67
Share-based remuneration schemes	0	0
Other items	5	5
TOTAL	**222**	**219**

The amounts accrued by senior management corresponding to fixed remuneration, variable annual remuneration, and other items, amounted to 146 thousand euros in the first quarter of 2021 (138 thousand euros in the first quarter of 2020).

15.3. Other disclosures relating to the directors

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

The directors did not carry out any related-party transactions outside the ordinary course of activities or which were not carried out on an arm's length basis with the Company or Group companies during the interim periods ended June 30, 2021 and 2020.

16. Other disclosures

16.1. Guarantees extended to third parties

At June 30, 2021 the Group had provided guarantees to third parties in the amount of 50,712 thousand euros (December 31, 2020: 40,929 thousand euros), mainly corresponding to guarantees for presentation in public renewable energy tenders and auctions.

Given that the aforementioned guarantees were basically granted with a view to ensuring compliance with contractual obligations or investment commitments, the events which could lead to their execution, and thus a cash outflow, would be non-compliance on the part of Grenergy with regard to its obligations related to the ordinary course of its activities, which is considered unlikely. Grenergy considers that any unforeseen liabilities at June 30, 2021 that may arise in connection with the aforementioned guarantees would in any case not be significant.

<u>Duna and Huambos wind parks</u>

In 2016 the subsidiaries GR Paino and GR Taruca signed certain supply contracts with the Peruvian State (represented by the Ministry for Energy and Mines; "MINEM" in its Spanish acronym) under the regulations for Renewable Energy Sources ("RES Supply Contracts") in order to inject an annual amount of energy into the electricity system with its wind park projects at Huambos and Duna, with a capacity of 18 MW and 7 wind turbines each, to be paid at the awarded tariff (marginal cost or spot price plus premium) when the commercial operations of these installations commence, committing said entities to constructing and readying said installations for commercial operations, in compliance with the respective work schedules which are a part of the RES Supply Contracts and whose final milestone will be the commercial start up. With said contractual subscription, GR Paino and GR Taruca delivered guarantees to MINEM amounting to 10.8 million euros to cover compliance with the aforementioned work schedules (for purposes of this section, "the Guarantees").

The parties to the RES Supply Contracts agreed upon the following: (i) from the moment the Peruvian supervisory body known as "Organismo Supervisor de la Inversión en Energía y Minería" ("OSINERGMIN") verifies fulfillment of 75% of the amount of the investment, MINEM must return 50% of the Guarantees to the companies; (ii) once the Commercial Start-up has been verified (as defined below), the respective work schedules are understood to have been fulfilled, and MINEM must reimburse the Guarantees; (iii) if the Commercial Start-up has not been verified at December 31, 2020, regardless of the reason, the Supply Contracts are terminated by operation of law and MINEM is entitled to enforce the Guarantees, unless arbitration proceedings have been initiated, in which case enforcement of the Guarantees is prohibited; and (iv) the "Commercial Start-up" is defined as that date on which the Economic Operations Committee ("COES") of the Peruvian National Interconnected Electricity System ("SEIN") issues the so-called "Commercial Operations Certificates."

On December 30, 2020, the executive management of the Peruvian National Interconnected Electric System, as the first instance in said entity, issued the Commercial Operation Certificates for the Huambos and Duna wind energy plants, effective as of December 31, 2020.

This was done, on the one hand, in accordance with the procedures governing the actions of COES (PR-20), which state that wind energy plants are granted permission for commercial operations as soon as they demonstrate their injections, that is, regardless of the wind turbines from which such injections originate.

On January 21, 2021, executive management of COES, in response to a letter from OSINERGMIN requesting information on why COES had issued the Commercial Operation Certificates for the Duna and Huambos wind energy plants in spite of the companies only having installed 5 wind turbines which were operational (and not 7), decided to temporarily suspend the Operation Certificates for the aforementioned plants until the companies complied and submitted complementary documentation confirming injections of the remaining 2 wind turbines.

In other words, the executive management of COES did not annul or revoke the Commercial Operation Certificates (which would have legally invalidated said certificates), but only temporarily suspended them until the companies complied with the requirement to present injections of 2 more wind turbines.

In December 2020, GR Paino and GR Taruca requested OSINERGMIN to verify the investment they made in order to reduce the guarantees by 50% as a result of having invested more than 75% of the committed investment at said date.

In response to these requests, on February 24, 2021 MINEM turned them down, arguing that on January 1, 2021 the RES Supply Contracts had been legally terminated.

In view of this situation, on March 1, 2021 Grenergy initiated the corresponding arbitration proceedings against MINEM in the Lima Chamber of Commerce in order to resolve this legal situation and avoid the incorrect and illegal execution of the guarantees, requesting the Arbitration Court to confirm full validity of the RES Supply Contract and order the return of the guarantees granted in favor of MINEM for compliance purposes. On March 4, 2021, the Peruvian local bank received communication of the waiver with regard to execution of the guarantees by MINEM.

As of the date of issuance of these interim condensed consolidated financial statements, the Arbitration Court has yet to be set up.

With respect to execution of the Guarantees and termination of the RES Supply Contract, Grenergy's external Peruvian legal advisors and internal legal advisors, based on the conclusions they reached, believe that execution of the Guarantees as well as termination of the RES Supply Contract are remote possibilities.

Based on the risk assessment performed by the Group's external Peruvian lawyers and its internal lawyers, Grenergy Management has decided not to recognize any provision since the associated risks have been qualified as remote and there would be no impact on the interim consolidated financial statements in light of the analysis of future cash flows in the impairment tests performed on the assets associated with these wind parks.

17. Events after the reporting date

In September 2021 the Parent placed a green commercial paper program on the Alternative Fixed Income Market ("MARF") with a maximum limit of 100 million euros.

GRENERGY RENOVABLES, S.A. and Subsidiaries

Interim consolidated management report for the interim six-month period ended June 30, 2021

1. Main activities of the Group

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

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

Since its incorporation in 2007, the Group has seen rapid growth and changes in the planning, design, development, construction, and financial structuring of projects. It is present in Europe as well as in Latam since the year 2012. Currently, Grenergy has offices in Spain, Italy, the United Kingdom, Chile, Peru, Colombia, Argentina, and Mexico. Grenergy's overall pipeline, which includes photovoltaic solar energy installations and wind parks in different stages of development, exceeds 6.3 GW.

Its business model encompasses all project phases, from development through construction and financial structuring to plant operation and maintenance. In addition, Grenergy generates income from recurring sales to third parties of non-strategic parks, combined with recurring income from its own parks in operation as well as income from O&M and AM services for plants sold to third parties.

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

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

The Parent has been listed on the continuous market since December 16, 2019, with capitalization at June 30, 2021 totaling 841 million euros.

1.2 Pipeline phases

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

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

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

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

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

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

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

At June 30, 2021 the Group had over 6.3 GW in different stages of development.

1.3 Operating divisions

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

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

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

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

2. Business performance in 2021

In spite of the COVID-19 pandemic, which hindered activities in many sectors, global investments in the energy transition with low carbon emissions reached 500,000 million US dollars in 2020 according to Bloomberg New Energy Finance (BNEF), 9% more than in the prior year. This level is expected to be maintained in 2021 with new constructions accelerating and including installations with a capacity of more than 180 GW in 2021, as compared to the 144 GW of 2020. In the case of wind energy, the new installations reached a record capacity of 97 GW for the first time in 2020, and more growth up to 88 GW is expected for new capacity in 2021.

The global market for energy storage also established records in 2020 with 5.3 GW of new capacity, which is expected to reach 9.7 GW in 2021.

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

- The consolidated statement of profit or loss for the first quarter of 2021 presented revenue representing the best results for GRENERGY thus far. Its 13.3 million euro EBITDA and 6.8 million euro net profit reflect the push during recent years in developing and executing Latam projects in portfolio, especially in Chile. These efforts have translated into relevant positive results for the Group, establishing the bases for building the pipeline in Latin America and Europe, as foreseen.

- Total revenue and EBITDA amount to 82,513 thousand and 13,283 thousand euros, respectively. Until 2019 all the projects developed and constructed by the Group were sold to third parties. In 2020 the Group started constructing parks in order to hold them in its portfolio and operate them, starting to obtain income from the sale of energy in 2021. In coming years revenue and EBITDA from this division will progressively increase to the extent that the Group connects the projects in the different pipeline stages. The breakdown of income and EBITDA by operational division is as follows:

	Thousands of euros	
Income	**06.30.2021**	**06.30.2020**
Development and Construction	74,623	57,211
Energy	6,825	-
Services	1,065	870
Total income (*)	**82,513**	**58,081**

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

	Thousands of euros	
EBITDA	**06.30.2021**	**06.30.2020**
Development and Construction	10,115	11,352
Energy	4,958	-
Services	367	109
Corporate	(2,157)	(1,979)
Total	**13,283**	**9,482**

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

Development and Construction: the rise in income was the result of a greater number of parks under construction and an increased number of parks sold during 2021 as compared to 2020 (275 MW under construction and 5 parks sold in 2021 vs.183 MW under construction and 5 sold in 2020). However, the number of parks under construction for third parties decreased with respect to 2020, resulting in lower EBITDA for 2021 as compared to 2020.

Energy: Income and EBITDA from the sale of energy corresponds to the beginning of operations for the Quillagua (Chile), Duna and Huambos (Peru), Kosten (Argentina), and San Miguel de Allende (Mexico) parks. No income from the sale of energy was generated in 2020.

Services: the increase in income and EBITDA corresponds to a greater number of parks in operation in 2021 as compared to 2020 (190 MW vs. 156 MW).

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

- Amortization/deprecation expenses, amounting to 2.7 million euros, suffered an increase of 2.3 million euros with respect to the prior year as a consequence of depreciating the parks which became operational in 2021 (2.2 million euros), Quillagua (Chile), Duna and Huambos (Peru), and Kosten (Argentina).

- Finance cost amounted to a negative 2.1 million euros. This item encompasses two large figures:

    - Interest on debt associated with the projects: 2.8 million euros in expenses.

    - Interest on corporate debt and guarantees: 1.2 million euros in expenses.

    - Exchange gains: 2 million euros, mainly corresponding to provisions as a consequence of the US dollar recovering against the euro during 2021.

- After tax profits for the Group totaled 6.8 million euros.

- With regard to the consolidated statement of financial position, performance at the closing of June 30, 2021 as compared to December 31, 2020 showed changes which reflected continuity in the Group's growth, with the most important balances being strengthened. The following are especially positive aspects worth highlighting:

  - The 61% increase in PP&E, reaching 233 million euros, which was a consequence of the construction of the parks which the Group intends to operate.

  - The increase of 111 million euros in equity, which reached 160 million euros, mainly a consequence of the capital increase performed in the month of March 2021 amounting to 105 million euros.

  - The increase in working capital, which amounts to 65 million euros, representing a 186% increase over the amount recognized at 2020 year end, thus permitting the Group to meet its short-term payment obligations comfortably, continue performing its activities, while ensuring its stability and a decrease in its long-term financial debt.

  - The decrease in net debt given the strengthening of the cash position as a result of the capital increase.

Net debt	**6/30/2021**	**12/31/2020**
Non-current bank borrowings (*)	39,227	35,027
Current bank borrowings (*)	5,503	4,833
Other non-current financial liabilities	130	156
Other current financial liabilities	907	3,054
Current financial investments - other financial assets	(30,551)	(6,461)
Cash and cash equivalents (*)	(23,065)	(12,492)
Net secured corporate debt	**(7,849)**	**24,117**
Recourse project finance (*)	31,864	50,383
Recourse project treasury (*)	(555)	(5,632)
Net recourse project finance	**31,309**	**44,751**
Unsecured project finance (*)	104,069	62,010
Unsecured project treasury (*)	(5,413)	(2,445)
Net unsecured project finance	**98,656**	**59,565**
Total net debt	**122,116**	**128,433**

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

3. Privileged information and other relevant information for FY 2021

- On April 13, 2021 Grenergy Renovables made the capital increase it carried out effective, consequently obtaining a total of 105 million euros. Subsequent to the capital increase the Company's free float amounted to 40%.

- In May 2021 the Group published the sustainability report corresponding to 2020. The most noteworthy items in said report are the milestones for the year in terms of sustainability, corporate governance, and social matters, including calculation of the main non-financial KPIs for said period.

- The Company held an ordinary general shareholders meeting on last June 29. All the items included in the agenda were approved by a majority in said meeting. The main points approved included the following:

  - Approval of the annual consolidated financial statements
  - Approval of the proposed application of profits for 2020
  - Approval of the Board of Directors' social management during the year ended December 31, 2010
  - Inclusion of a new article 9.bis to establish the additional loyalty vote
  - Appointment of Ms. María Merry del Val Mariátegui as Board member, with the category of a proprietary director, and Ms. Teresa Quirós Álvarez as Board member, with the category of independent director.

  The aforementioned agenda for the meeting included appointment of the Company's new Board members for a statutory period of four years: Ms. Teresa Quirós Álvarez as independent director and Ms. María Merry del Val Mariátegui as proprietary director.

  In addition, the Board of Directors decided to designate Ms. Teresa Quirós Álvarez as member of the Audit Committee and Ms. María Merry del Val Mariátegui as member of the Appointments and Remuneration Committee. These changes in the Group's Board of Directors as well as the composition of the respective committees were communicated to the market on August 19, 2021.

- On August 2, 2021 the Group announced the repurchase program for its own shares with a view to holding treasury shares in order to remunerate key personnel of the Company with share option plans. Said repurchase program finalized on August 26 once the objective of 100,000 shares had been reached.

- On August 2, 2021 the Group announced the finalization of the liquidity contract it held with Banco Sabadell. Once the repurchase program was concluded, the Group provided public notice that it had subscribed a new liquidity contract to manage its treasury portfolio with JB Capital Markets. The contract became effective on August 27, 2021 and will have a duration of twelve months.

- On September 12, 2021 the Group announced the signing of a PPA with a company engaged in the generation, commercialization, and distribution of electricity. Said company is very present in the market of the Iberian Peninsula and has been granted a BBB rating by Fitch. A long-term agreement for the sale of energy (PPA) of approximately 200GWh/year for 12 years, starting in March 2023. This agreement was subscribed for the Belinchón photovoltaic solar energy project, located in the province of Cuenca (Spain), which boasts 150 MWp and an estimated production of 315 GWh/year.

- On September 16 Grenergy announced the placement of a green commercial paper program on the MARF with a maximum limit of 100,000,000 euros. The program uses a financing framework aligned with the Green Loan Principles 2021 of the Loan Market Association (LMA) and with the Green Bond Principles 2021 of the International Capital Markets Association (ICMA). It is the first such program in Spain.

The program was set up with a view to diversifying the Company's sources of financing and optimizing capital costs, which will help fulfilling the operational objectives. The Company's green financing framework was subjected to a Second Party Opinion (SPO) issued by the rating agency ESG Sustainalytics.

4. Strategy and objectives for upcoming years

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

Thus, the Company's strategy has changed from a build-to-sell approach focused entirely on asset rotation to a mixed model in which the Group maintains ownership of a large part of the projects (build-to-own) while also maintaining some rotation of projects (build-to-sell), thereby allowing it to generate cash to be used mainly for the equity of projects it intends to keep in its portfolio.

The projects held in its portfolio generate recurring revenue from the sale of energy, sold under bilateral contracts with buyers of proven solvency, using bankable price stabilization schemes, directly to the market or a combination of these.

As a result of this activity, the Company has been able to connect and maintain 398 MW in its own portfolio up to the date of presentation of this report, thus becoming an IPP and beginning to generate income from the sale of energy.

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

In addition to the activity of generating solar and wind energy, the Group has initiated the process of developing the storage equipment, a business based on storing energy from the photovoltaic and wind energy business models in order to engage in market arbitration and seek the most efficient way to provide energy 24 hours a day. Thus, the Group is currently implementing a pilot project in Chile, in which it is developing and constructing a photovoltaic solar plant with battery bank storage facilities. At the date of authorization of the accompanying annual consolidated financial statements no objectives had been set in this respect.

The Group's objectives for 2021 are as follows: (i) developing the photovoltaic solar, wind energy, and storage activities; (ii) constructing and managing approximately 500 MW under operation as IPP. The 2022 target is to operate 1.5 GW of installed aggregate capacity for both photovoltaic solar as well as wind energy projects located in the different countries where the Grenergy Group operates (Spain, Chile, Mexico, Peru, Colombia, Italy, the United Kingdom, and Argentina).

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

Board of Directors

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

Name/corporate name	Position	Type of director	Date of first appointment	End of appointment
Mr. David Ruiz de Andrés	Chairman / CEO	Executive	5/19/2015	11/15/2023
Mr. Antonio Jiménez Alarcón	Board member	Executive	11/15/2019	11/15/2023
Mr. Florentino Vivancos Gasset	Secretary - Board Member	Proprietary	5/19/2015	11/15/2023
Ms. Ana Peralta Moreno	Board member	Independent	6/27/2016	11/15/2023
Mr. Nicolás Bergareche Mendoza	Board member	Independent	6/27/2016	11/15/2023
Ms. María del Rocío Hortigüela Esturillo	Board member	Independent	11/15/2019	11/15/2023
Ms. María Merry del Val Mariátegui	Board member	Proprietary	6/29/2021	6/29/2025
Ms. Teresa Quirós Álvarez	Board member	Independent	6/29/2021	6/29/2025

The shareholders of the Parent in general meeting held on June 29, 2021 agreed upon the appointment of Ms. María Merry del Val Mariátegui and Ms. Teresa Quirós Álvarez as Board members.

Senior executives

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

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

Average workforce

The average number of employees during 2021, broken down by professional categories, was the following:

Category	2021
Directors and Senior Management	9
Department directors	25
Other	174
Total	**208**

6. Main risks and uncertainties

The chief financial risks which might affect the Group are indicated in Note 24.1 to the consolidated financial statements for 2020.

7. Environmental disclosures

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

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

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

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

8. Events after the reporting period

In September 2021 the Parent placed a green commercial paper program on the Alternative Fixed Income Market ("MARF") with a maximum limit of 100 million euros.

9. Final considerations

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

APPENDIX I: Regulatory framework

With respect to the regulatory framework described in Appendix III to the consolidated financial statements for the year ended December 31, 2020, it is worth highlighting the following matters corresponding to the first half of 2021, as well as the regulatory framework in the United Kingdom, a new market for the Group in 2021:

Spain

On June 25, 2021 Royal Decree Law 12/2021 of June 24 was published, adopting urgent measures in the area of energy taxation and with respect to the generation of energy, as well as management of the regulatory fee and the water use tariff which, amongst other measures, reduces VAT from 21% to 10% in the electricity bill for certain clients and suspends the 7% tax on the value of electricity production ("IVPEE" in its Spanish acronym) during the third quarter of 2021.

Mexico

On March 9, 2021, the Reform of the Electricity Industry Law ("LIE" in its Spanish acronym) was published, the main effects of which relate to modifying the order in which electricity is dispatched based on the technology used, reviewing IPP contracts, drawing up contracts for the Physical Delivery of Energy and Capacity between the Basic Service Supplier - CFE (Federal Electricity Commission) and the Generator, and the granting of Clean Energy Certificates regardless of when operations were initiated.

United Kingdom

The regulatory framework for the electricity market in the United Kingdom has evolved over time with a view to satisfying the needs of its consumers, more recently focusing its attention on decarbonization. At the inception of the market for renewable energies, subsidies were available for the generation of electricity but as the market has continued developing, said support has been reduced progressively.

Regulatory authorities

The main regulatory authorities for the electricity sector in the United Kingdom are the following:

- The Department for Business, Energy and Industrial Strategy ("BEIS"), which is responsible for legislation, policy and regulations in business, industrial strategy, science, innovation, energy and climate change, and seeks to develop the energy industry and provide fair prices for consumers;

- The Gas and Electricity Markets Authority ("GEMA"), which is the governing body of OFGEM (as defined below) and in charge of protecting consumers by strengthening competition, innovation, more ecological emissions, and lower prices for consumers;

- The Office of Gas and Electricity Markets ("OFGEM"), which is a non-ministerial government department and the main governing body for the energy market in the United Kingdom, in charge of granting and enforcing licenses (see below).

General view of the permits, licenses, and authorizations

- Licenses for generation, transmission, distribution, and supply: these licenses are necessary for each individual activity (subject to exemptions) by virtue of article 6 of the Electricity Act of 1989, including the generation activities. Normally, a photovoltaic project (provided its declared net capacity is less than 100 MW) is exempt from the obligation to obtain a generation license.

- Planning permit or development consent order: The construction of a photovoltaic plant and any associated infrastructure will require a planning permit or development consent order (for larger projects) in England and Wales. The authorization procedures for obtaining a planning permit or development consent order will vary based on the location of the project (i.e., in England or Wales) and the installed generation capacity. In order to obtain the planning permit, an *Environmental Impact Assessment* ("**EIA**") may have to be performed depending on how much the projects may have a significant effect on the environment.

Electricity market and sources of income

- Power Purchase Agreement (PPA): the energy of a photovoltaic project is usually sold via a PPA with an authorized supplier. Some projects do not dispatch to the British grid but sell the energy to a host or neighbor via a private cable. The PPAs tend to be long-term agreements which permit the financing of the project. However, as the market has been developing, more projects are opting for short-term PPAs.

- *Smart Export Guarantee*: The new solar photovoltaic solar energy projects can avail themselves of a Smart Export Guarantee ("**SEG**"). The purpose of the SEG regime is to support the generation of small quantities (up to 5 MW) with low carbon emissions via the SEG payments from authorized suppliers (agreed upon with the corresponding supplier). It must be taken into account that the *Feed-in Tariffs* ("**FiT**") and the *Renewables Obligation Certificates* ("**ROC**") are no longer available for new solar projects.

- *Contract for Difference* ("**CfD**"): Support for solar energy prices may be in the form of a CfD granted by the government between a generator and a *Low Carbon Contracts Company* (a private limited company which is owned by the Secretary of State for the BEIS department, which is the counterparty in the CfD). Photovoltaic solar assets with a capacity exceeding 5 MW compete with other established technologies in an auction and the generators who win receive CfDs. A generator sells its electricity in the market but receives a complementary amount (above the market price for electricity) corresponding to a "strike price" previously agreed upon within the framework of the CfD for the electricity produced over a 15-year period (or, if the market price for electricity is higher than the exercise price, the generator will pay the difference between the strike price and the market price to the Low Carbon Contract Company). The next (fourth) CfD auction is planned for the autumn of 2021.

- *Renewable Energy Guarantee of Origin* ("**REGO**"): The REGOs are certificates which demonstrate that the electricity was produced based on renewable sources. The REGO system is designed to offer the consumers transparency when determining what portion of their electricity comes from renewable sources. The OFGEM issues a REGO certificate to the generators of renewable electricity for each mega watt hour of renewable production. The REGOs are usually sold to the energy supplier who makes use of the energy generated by the project with a minimum value attributed to them, though a market is in development for said certificates.

APPENDIX II: Glossary of alternative performance measures (APM)

These interim condensed consolidated financial statements for the six-month period ended June 30, 2021 include financial figures which correspond to alternative performance measures (**APM**s) in accordance with the *European Securities and Markets Authority* (ESMA) directives published in October 2015.

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

The following is an explanatory glossary of APMs utilized, including calculation methods and definitions or relevance, as well as their reconciliation with items recorded in the interim condensed consolidated financial statements for the six-month periods ended June 30, 2021 and 2020 and December 31, 2020.

ALTERNATIVE PERFORMANCE MEASURE (*APM*)	CALCULATION METHOD	DEFINITION/RELEVANCE
Income	"*Revenue*" + "*Work performed by the entity and capitalized*" + "*Gains (losses) on disposals and other.*"	Indicates the total volume of income obtained from the Group's operating activities.
EBITDA	"*Operating profit*" - "*Impairment and losses*" - "*Amortization and depreciation of assets.*"	Indicates the Group's profit-generating capacity, solely based on its operating activities, eliminating depreciation/amortization provisions and impairment losses on assets.
Net debt	"*Non-current borrowings*" + "*Current borrowings*" - "*Current financial investments*" - "*Other financial assets*" - "*Cash and cash equivalents.*"	A significant figure for analyzing the Group's financial position.
Non-current bank borrowings	"Non-current: Bonds and other marketable debt securities" + "*Non-current bank borrowings*" + "*Non-current finance lease liabilities*" - Non-current project bank borrowings.	The amount of financial debt payable by the Group over a period exceeding one year.
Current bank borrowings	"*Current bank borrowings*" + "*Current finance lease liabilities*" - Current project bank borrowings.	The amount of financial debt payable by the Group within a year.
Cash and cash equivalents	"*Cash and cash equivalents*" – Project cash balance	The amount subtracted from financial debt to obtain net debt.
Recourse project finance	Non-current recourse project finance bank borrowings + Current recourse project finance bank borrowings.	Indicates secured borrowings of the Parent.
Recourse project treasury	"*Cash and cash equivalents*" – Cash in hand and equivalents – Unsecured project treasury	The amount disbursed by the financing entity attributed to construction of a project.
Unsecured project debt	Non-current unsecured project finance bank borrowings+ Current unsecured project finance bank borrowings	Indicates unsecured borrowings of the Parent.
Unsecured project treasury	"*Cash and cash equivalents*" - Cash in hand and equivalents and unsecured project treasury	The amount disbursed by the financing entity attributed to construction of a project.

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

Income

RECONCILIATION OF INCOME	6/30/2021	6/30/2020
"*Revenue*"	32,261	30,818
+ *"Work performed by the entity and capitalized"*	50,252	27,263
+ "*Gains (losses) on disposals and other*"	--	--
Total income	**82,513**	**58,081**

EBITDA

RECONCILIATION OF EBITDA	6/30/2021	6/30/2020
"*Operating profit*"	10,616	9,803
- "*Impairment and losses*"	--	(712)
- "*Depreciation and amortization*"	2,667	391
Total EBITDA	**13,283**	**9,482**

Net debt

RECONCILIATION OF NET DEBT	6/30/2021	12/31/2020
"*Non-current borrowings*"	154,205	134,505
+ "*Current borrowings*"	27,494	20,958
- "*Current financial investments*"—"*Other financial assets*"	(30,551)	(6,461)
- "*Cash and cash equivalents*"	(29,033)	(20,569)
Total Net Debt	**122,116**	**128,433**

Non-current financial debt

RECONCILIATION OF NON-CURRENT FINANCIAL DEBT	6/30/2021	12/31/2020
"*Non-current: Bonds and other marketable debt securities*"	21,486	21,497
"*Non-current bank borrowings*"	120,074	106,608
+ "*Non-current finance lease liabilities*"	9,690	4,200
+ "*Non-current derivatives*"	2,825	2,044
- Non-current project finance bank borrowings	(114,848)	(99,322)
Total non-current financial debt	**39,227**	**35,027**

Current financial debt

RECONCILIATION OF CURRENT FINANCIAL DEBT	6/30/2021	12/31/2020
"*Bonds and other marketable debt securities*"	750	152
+ "*Current bank borrowings*"	24,394	16,717
+ "*Current finance lease liabilities*"	1,140	682
+ "*Current derivatives*"	303	353
- Current project finance bank borrowings	(21,084)	(13,071)
Total current financial debt	**5,503**	**4,833**

Cash and cash equivalents

RECONCILIATION OF CASH AND CASH EQUIVALENTS	6/30/2021	12/31/2020
"*Cash and cash equivalents*"	29,033	20,569
- Project treasury	(5,968)	(8,077)
Total cash and cash equivalents	**23,065**	**12,492**

Recourse project finance

RECONCILIATION OF RECOURSE PROJECT FINANCE	6/30/2021	12/31/2020
Non-current recourse project finance bank borrowings	17,985	40,400
+ Current recourse project finance bank borrowings	13,879	9,983
Total recourse project finance	**31,864**	**50,383**

Unsecured project debt

RECONCILIATION OF UNSECURED PROJECT DEBT	6/30/2021	12/31/2020
Non-current unsecured project finance bank borrowings	96,864	58,923
+ Current unsecured project finance bank borrowings	7,205	3,087
Total recourse project finance	**104,069**	**62,010**

Recourse project treasury

RECONCILIATION OF RECOURSE PROJECT TREASURY	6/30/2021	12/31/2020
"*Cash and cash equivalents*"	29,033	20,569
- Cash in hand and equivalents	(23,065)	(12,492)
- Unsecured project treasury	(5,413)	(2,445)
Total recourse project treasury	**555**	**5,632**

Unsecured project treasury

RECONCILIATION OF UNSECURED PROJECT TREASURY	6/30/2021	12/31/2020
"*Cash and cash equivalents*"	29,033	20,569
- Cash in hand and equivalents	(23,065)	(12,492)
- Recourse project treasury	(555)	(5,632)
Total unsecured project treasury	**5,413**	**2,445**

AUTHORIZATION FOR ISSUE OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INTERIM CONSOLIDATED MANAGEMENT REPORT FOR THE PERIOD ENDED JUNE 30, 2021

The interim condensed consolidated financial statements and the interim consolidated management report for the six-month period ended June 30, 2021 were authorized by the Board of Directors of the Parent Company, Grenergy Renovables, S.A., at its meeting on September 20, 2021, for their verification by auditors and subsequent approval by the shareholders in general meeting.

Mr. Florentino Vivancos Gasset is authorized to sign all pages comprising the interim condensed consolidated financial statements, explanatory notes thereto, as well as the interim consolidated management report.

Mr. David Ruiz de Andrés (Chief Executive Officer)	Mr. Antonio Jiménez Alarcón (Board Member)
Mr. Florentino Vivancos Gasset (Board Member)	Ms. Ana Peralta Moreno (Board Member)
Mr. Nicolás Bergareche Mendoza (Board Member)	Ms. María del Rocío Hortigüela Esturillo (Board Member)
Ms. María Merry del Val Mariátegui (Board Member)	Ms. Teresa Quirós Álvarez (Board Member)