

Report on Limited Review

GREENERGY RENOVABLES, S.A. and SUBSIDIARIES
Interim Condensed Financial Statements
for the six month period ended
June 30, 2020



REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 19)

To the shareholders of GREENERGY RENOVABLES, S.A., at the request of the Management:

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements (hereinafter the interim financial statements) of Greenergy Renovables, S.A. (hereinafter the Parent) and Subsidiaries (hereinafter the Group), which consists of the balance sheet at June 30, 2020, the income statement, the statement of changes in equity, the cash flow statement and the explanatory notes thereto (all of them condensed) for the six month period then ended. The Parent's directors are responsible for the preparation of said interim financial statements in accordance with the requirements established by 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 said Royal Decree 1362/2007, of October 19. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the review

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

Conclusion

During the course of our limited review, which under no circumstances can be considered an audit of accounts, no matter came to our attention which would cause us to believe that the accompanying interim consolidated financial statements for the six-month period ended June 30, 2020 have not been 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 said Royal Decree 1362/2007 for the preparation of interim condensed 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 above-mentioned accompanying interim financial statements do not include all the information that would be required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. Therefore, the accompanying interim financial statements shall be read in conjunction with the consolidated financial statements of Grenergy Renovables, S.A. and Subsidiaries for the year ended December 31, 2019. Our conclusion is not modified in respect of this matter.

Report on other legal and regulatory requirements

The accompanying interim consolidated management report for the six-month period ended June 30, 2020 contains such explanations as the Parent's Directors consider necessary regarding significant events which occurred during this period and their effect on these interim financial statements, of 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 above-mentioned management report agrees with the interim financial statements for the six-month period ended on June 30, 2020. 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 Grenergy Renovables, S.A. with regard to the publication of the financial report required by article 119 of the consolidated text of the Securities Market Law enacted by Royal Decree 4/2015 of October 23, which approves the consolidated text of the Securities Market Law developed by Royal Decree 1362/2007.

ERNST & YOUNG, S.L.

(Signed in the original report issued in Spanish)

David Ruiz-Roso Moyano

September 28, 2020



**GREENERGY RENOVABLES S.A.
AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AT JUNE 30, 2020**

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

GREENERGY RENOVABLES, S.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2020

GREENERGY RENOVABLES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2020 AND DECEMBER 31, 2019
 (Euros)

ASSETS	Explanatory notes	06.30.2020	12.31.2019	EQUITY AND LIABILITIES	Explanatory notes	06.30.2020	12.31.2019
NON-CURRENT ASSETS		148,097,542	88,044,141	EQUITY		40,464,283	37,097,475
Intangible assets	Note 6	9,453,300	9,445,907	Equity attributable to the Parent		40,650,268	37,247,581
Software		82,520	70,720	Share capital	Note 10.1	8,507,177	8,507,177
Patents, licenses, trademarks, et al.		9,370,780	9,375,187	Issued capital		8,507,177	8,507,177
Property, plant, and equipment	Note 5	129,571,971	70,346,859	Share premium	Note 10.2	6,117,703	6,117,703
Plant and other PP&E items		1,370,302	1,271,860	Reserves	Note 10.3	29,728,265	15,444,869
PP&E under construction and prepayments		128,201,669	69,074,999	(Shares and participation units of the Parent)	Note 10.4	(5,801,820)	(3,328,497)
Right-of-use assets		4,657,131	4,564,434	Profit for the year attributable to the Parent	Note 11	4,587,878	11,436,955
Financial investments		276,025	188,991	Unrealized gains (losses) reserve		(2,488,935)	(930,626)
Equity instruments		167,859	102,067	Hedging transactions		(2,344,315)	(477,733)
Other financial assets		108,166	86,924	Currency translation differences		(144,620)	(452,893)
Deferred tax assets		4,139,115	3,497,950	Minority interests		(185,985)	(150,106)
Deferred tax assets		4,139,115	3,497,950	NON-CURRENT LIABILITIES		135,103,987	73,437,618
				Provisions	Note 12	2,745,079	2,748,384
				Borrowings	Note 13	128,910,311	67,239,122
				Bonds and other marketable debt securities		21,536,663	21,539,686
				Bank borrowings		103,566,267	41,764,740
				Finance lease payables		3,625,162	3,726,447
				Other financial liabilities		182,219	208,249
				Deferred tax liabilities		3,448,597	3,450,112
CURRENT ASSETS		70,750,049	69,582,869	CURRENT LIABILITIES		43,279,321	47,091,917
Inventories	Note 7	5,570,450	8,851,116	Current provisions	Note 12	2,124,173	828,909
Raw materials and other consumables		3,230,052	1,015,452	Borrowings	Note 13	13,845,882	9,642,204
Plant under construction		2,144,869	7,777,484	Bonds and other marketable debt securities		598,460	-
Prepayments to suppliers		195,529	58,180	Bank borrowings		6,094,682	4,953,157
Trade and other receivables		24,528,472	24,762,622	Finance lease payables		707,679	692,217
Trade receivables	Note 8	13,368,031	12,419,040	Derivatives		3,211,391	654,429
Other accounts receivable		253,279	160,220	Other financial liabilities		3,233,670	3,342,401
Receivable from employees		26,443	20,290	Borrowings from related companies		96,523	-
Current tax assets		176,867	16,112	Trade and other payables		27,212,743	36,620,804
Other receivables from public administrations		10,703,852	12,146,960	Suppliers		23,084,983	23,388,491
Investments with related companies		40,512	40,512	Suppliers, associated companies		-	5,436
Loans to related companies		40,512	40,512	Other accounts receivable		910,345	1,938,348
Financial investments		8,103,377	6,873,062	Receivable from employees		408,717	536,097
Other financial assets		8,103,377	6,873,062	Income tax liabilities		2,396,038	730,798
Accruals		254,371	282,470	Other payables to public administrations		411,971	1,370,551
Cash and cash equivalents	Note 9	32,252,867	28,773,087	Customer advances	Note 8	689	8,651,083
Cash in hand		32,252,867	28,773,087				
TOTAL ASSETS		218,847,591	157,627,010	TOTAL EQUITY AND LIABILITIES		218,847,591	157,627,010

The accompanying Notes 1 to 18 to the interim condensed consolidated financial statements and appendices are an integral part of the consolidated statement of financial position at June 30, 2020 and December 31, 2019.

GREENERGY RENOVABLES, S.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2020

GREENERGY RENOVABLES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX-MONTH PERIODS

ENDED JUNE 30, 2020 AND 2019

(Euros)

	Explanatory notes	06.30.2020	06.30.2019
CONTINUING OPERATIONS			
Revenue	Note 4	30,817,724	55,216,633
Sale of goods		29,947,649	54,602,764
Rendering of services		870,075	613,869
Changes in inventory of finished products and work in progress		(5,632,615)	(5,725,929)
Work performed by the entity and capitalized	Note 4	27,263,035	187,393
Cost of sales	Note 15	(36,618,770)	(36,022,320)
Consumption of raw materials and other consumables		(36,618,770)	(36,009,578)
Subcontracted work		-	(12,742)
Other operating income		42,426	45,990
Ancillary income		42,426	45,990
Employee benefits expense		(2,681,348)	(2,043,873)
Wages, salaries, et al.		(2,222,013)	(1,681,357)
Social security costs, et al.	Note 15	(459,335)	(362,516)
Other operating expenses		(3,546,029)	(1,454,415)
External services	Note 15	(1,644,927)	(1,390,913)
Taxes		(27,884)	(3,851)
Losses on, impairment of, and changes in trade provisions	Note 12	(1,873,218)	(59,651)
Depreciation and amortization		(391,147)	(256,491)
Impairment losses and gains (losses) on disposal of non-current assets		711,838	(203,179)
Impairment losses and losses	Note 5	711,838	(201,694)
Gains (losses) on disposals and other	Note 4	-	(1,485)
Other gains (losses)		(161,992)	41,486
OPERATING PROFIT		9,803,122	9,785,295
Finance income	Note 15	49,436	108,767
From marketable securities & other financial instruments		49,436	108,767
Of third parties		49,436	108,767
Finance costs	Note 15	(1,299,774)	(304,943)
Third-party borrowings		(1,299,774)	(304,943)
Exchange gains (losses)	Note 15	(1,837,973)	(725,006)
FINANCE COST		(3,088,311)	(921,182)
PROFIT BEFORE TAX		6,714,811	8,864,113
Income tax	Note 14	(2,158,968)	(1,908,364)
CONSOLIDATED PROFIT FOR THE YEAR		4,555,843	6,955,749
PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTERESTS		(32,035)	(13,452)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT		4,587,878	6,969,201
Earnings (losses) per share	Note 10.6	0.19	0.30

The accompanying Notes 1 to 18 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, 2020 and June 30, 2019.

GREENERGY RENOVABLES, S.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2020

GREENERGY RENOVABLES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
A) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euros)

	06.30.2020	06.30.2019
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR (I)	4,555,843	6,955,749
Income and expense recognized directly in equity		
- Currency translation differences	308,273	74,907
- Hedging transactions	(2,556,962)	-
- Tax effect	690,380	-
TOTAL INCOME AND EXPENSE RECOGNIZED DIRECTLY IN CONSOLIDATED EQUITY (II)	(1,558,309)	74,907
Amounts transferred to consolidated statement of profit or loss		
- Currency translation differences	-	(1,491)
- Tax effect	-	-
TOTAL AMOUNTS TRANSFERRED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (III)	-	(1,491)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD (I+II+III)	2,997,534	7,029,165
Attributable to:		
Parent	3,029,569	7,042,617
Minority interests	(32,035)	(13,452)

The accompanying Notes 1 to 18 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, 2020 and June 30, 2019.

GREENERGY RENOVABLES, S.A. AND SUBSIDIARIES
B) CONSOLIDATED STATEMENT OF ALL CHANGES IN EQUITY

(Euros)

	Share capital	Share premium	Reserves	(Treasury shares)	Profit for the period attributable to the Parent	Unrealized gains (losses) reserve	Minority interests	Total
BALANCE AT DECEMBER 31, 2019	3,645,933	6,117,703	8,373,059	(2,062,970)	13,279,402	(260,315)	(228,690)	28,864,122
Adjustments for changes in criteria and misstatements	-	-	-	-	(3,553,440)	-	-	(3,553,440)
ADJUSTED OPENING BALANCE 2019	3,645,933	6,117,703	8,373,059	(2,062,970)	9,725,962	(260,315)	(228,690)	25,310,682
Total consolidated comprehensive income	-	-	-	-	11,436,955	(494,717)	(638)	10,941,600
Capital increase	4,861,244	-	(4,861,244)	-	-	-	-	-
Transactions with shares of the Parent (net)	-	-	2,110,720	(1,265,527)	-	-	-	845,193
Changes in the consolidation scope, transfers, and other minor effects	-	-	96,372	-	-	(175,594)	79,222	-
Appropriation of profit from prior year	-	-	9,725,962	-	(9,725,962)	-	-	-
BALANCE AT DECEMBER 31, 2018	8,507,177	6,117,703	15,444,869	(3,328,497)	11,436,955	(930,626)	(150,106)	37,097,475
Adjustments for changes in criteria and misstatements	-	-	-	-	-	-	-	-
ADJUSTED OPENING BALANCE 2020	8,507,177	6,117,703	15,444,869	(3,328,497)	11,436,955	(930,626)	(150,106)	37,097,475
Total consolidated comprehensive income	-	-	-	-	4,587,878	(1,558,309)	(32,035)	2,997,534
Capital increase	-	-	-	-	-	-	-	-
Transactions with shares of the Parent (net)	-	-	2,548,325	(2,473,323)	-	-	-	75,002
Changes in the consolidation scope, transfers, and other minor effects	-	-	298,116	-	-	-	(3,844)	294,272
Appropriation of profit from prior year	-	-	11,436,955	-	(11,436,955)	-	-	-
BALANCE AT CLOSING OF INTERIM PERIOD ENDED JUNE 30, 2020	8,507,177	6,117,703	29,728,265	(5,801,820)	4,587,878	(2,488,935)	(185,985)	40,464,283

The accompanying Notes 1 to 18 to the interim condensed consolidated financial statements and appendices are an integral part of the consolidated statement of changes in equity at June 30, 2020 and June 30, 2019.

CONSOLIDATED CASH FLOW STATEMENT CORRESPONDING TO THE INTERIM**PERIODS ENDED JUNE 30, 2020 AND 2019**

(Euros)

	06.30.2020	06.30.2019
A) CASH FLOWS FROM OPERATING ACTIVITIES		
1. Profit (loss) before tax	6,714,811	8,864,113
2. Adjustments to profit	4,640,838	1,618,701
a) Depreciation and amortization (+)	391,147	256,491
b) Impairment losses (+/-)	(711,838)	-
c) Changes in provisions (+/-)	1,873,218	237,849
e) Gains (losses) from derecognition and disposal of non-current assets (+/-)	-	203,179
g) Finance income (-)	(49,436)	(108,767)
h) Finance expenses (+)	1,299,774	304,943
i) Exchange gains (losses) (+/-)	1,837,973	725,006
3. Changes in working capital.	(8,898,206)	10,588,766
a) Inventories (+/-)	3,992,504	5,563,154
b) Trade and other receivables (+/-)	234,150	(15,640,021)
c) Other current assets (+/-)	28,099	(87,946)
d) Trade and other payables (+/-)	(12,671,528)	20,784,955
e) Other current liabilities (+/-)	(481,431)	(31,376)
4. Other cash flows from operating activities	(1,385,352)	(2,019,637)
a) Interest paid (-)	(701,314)	(304,943)
c) Interest received (+)	-	108,767
d) Income tax receipts (payments) (+/-)	(684,038)	(1,823,461)
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)	1,072,091	19,051,943
B) CASH FLOWS FROM INVESTING ACTIVITIES		
6. Payments on investments (-)	(60,686,660)	(32,633,637)
a) Group companies, net of cash in consolidated companies		(111,729)
b) Intangible assets	(28,237)	(48,282)
c) Property, plant, and equipment	(59,341,074)	(27,144,754)
e) Other financial assets	(1,317,349)	(5,328,872)
7. Proceeds from disposals (+)	-	2,236,465
e) Other financial assets	-	2,236,465
8. Cash flows from (used in) investing activities (7+6)	(60,686,660)	(30,397,172)
C) CASH FLOWS FROM FINANCING ACTIVITIES		
9. Proceeds from and payments on equity instruments	75,001	744,448
c) Acquisition of equity instruments of the Parent (-)	(7,156,413)	(1,165,619)
c) Disposal of equity instruments of the Parent	7,231,414	1,910,067
10. Proceeds from and payments of financial liabilities	62,493,990	21,074,827
a) <i>Issues (+)</i>	<i>71,363,345</i>	<i>23,229,975</i>
2. Bank borrowings (+)	71,363,345	23,229,975
b) <i>Repayment and amortization of:</i>	<i>(8,869,355)</i>	<i>(2,155,148)</i>
2. Bank borrowings (-)	(8,811,369)	(1,824,628)
3. Borrowings from Group companies and associates (-)	-	(330,520)
4. Other borrowings (-)	(57,986)	-
12. Cash flows from financing activities (+/-9+/-10-11)	62,568,991	21,819,275
D) Effect of changes in exchange rates	525,358	34,312
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (+/-A+/-B+/-C+/- D)	3,479,780	10,508,358
Cash and cash equivalents at beginning of period	28,773,087	13,119,041
Cash and cash equivalents at end of period	32,252,867	23,627,399

The accompanying Notes 1 to 18 to the interim condensed consolidated financial statements and appendices are an integral part of the consolidated statement of cash flows corresponding to the six-month periods ended on June 30, 2020 and June 30, 2019.

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

1. General information

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

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

At June 30, 2020 the Greenergy Renovables Group is comprised of 110 companies, including the Parent (99 subsidiaries held directly by the Parent and 10 held indirectly via majority shareholdings of a subsidiary). The subsidiaries were consolidated using the full consolidation method. In each of the countries in which the Group operates, it has a parent company which conducts the outsourcing functions arranged under EPC (Engineering, Procurement, and Construction), O&M (Operation and Management), or asset-management contracts using company personnel. The remaining of subsidiaries are considered Special Purpose Vehicles (SPVs) where each of the solar plants or wind farms are located. At June 30, 2020, a total of 81 subsidiaries were inactive.

The shares of the Parent, Greenergy 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 Greenergy corresponding to FY 2019 were approved by the general shareholder meeting held on June 29, 2020.

The accompanying interim condensed consolidated financial statements at June 30, 2020 for Greenergy were authorized by the Board of Directors on September 28, 2020 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, 2019, 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,

GREENERGY RENOVABLES, S.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2020

results of operations, comprehensive income, as well as changes in equity and consolidated cash flows of Greenergy from December 31, 2019, the reporting date of the aforementioned consolidated financial statements, until June 30, 2020.

The figures contained in the accompanying interim condensed consolidated financial statements are shown in 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 2019. In addition, the main implications of the current situation resulting from Covid-19 for the six-month period ended June 30, 2020 are disclosed in Note 3.

2.3 Accounting policies

The accounting policies which were applied in the accompanying interim condensed consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended December 31, 2019.

New standards included under IFRS-EU and IFRIC interpretations

As a consequence of their approval, publication, and entry into force on January 1, 2020, the following standards, interpretations, and modifications adopted by the European Union were applied:

Approved for use in the European Union		Mandatory application for annual periods beginning on or after:
IAS 1 and IAS 8 (Amendment) Definition of Materiality	New definition of materiality, ensuring consistency with respect to all standards	January 1, 2020
References to the Conceptual Framework for IFRS (Amendment)	Ensures consistency in the standards and includes a new chapter on measurement, improved definitions and guidelines, and clarifications in important areas such as prudence and assessment of uncertainty	January 1, 2020
IFRS 3 Business Combinations (Amendment)	New definition of business	January 1, 2020
IFRS 9, IAS 39, and IFRS 7 (Amendments) Reforms the Interest Rate Benchmark	Modifies certain specific accounting requirements for hedges to mitigate the possible effects of the uncertainty caused by the IBOR reform	January 1, 2020
IAS 28 (Amendment) - Long-term Interests in Associates and Joint Ventures	The amendments clarify application of IFRS 9 to non-current interest in an associate or business combination if the equity method is not applied to them	January 1, 2020

None of these standards, interpretations, and amendments was applied early. The application of these standards, interpretations, and amendments did not have a significant impact on the interim condensed consolidated financial statements.

In addition, the following amendments and standards were approved by the IASB and are

pending adoption by the European Union:

Standards issued by the IASB pending adoption by the European Union		Mandatory application for annual periods beginning on or after:
IFRS 16 (Amendment) Covid-19-Related Rent Concessions	Allows for accounting recognition by lessees of any possible changes in the lease agreements which may arise in connection with Covid-19	June 1, 2020
IFRS 17 - Insurance Contracts	A new standard which replaces IFRS 4	January 1, 2021

None of these standards and amendments was applied early. No significant effect is expected as a consequence of applying these amendments.

2.4 Comparative 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, 2019, as well as the consolidated statement of profit or loss and consolidated cash flow statement for the interim period ended June 30, 2019.

2.5 Seasonality

Given the activity to which the Group Companies are engaged, its transactions do not have a significant cyclical or seasonal nature.

2.6 Consolidation scope

Six-month period ended June 30, 2020

a) 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.

b) Removal from consolidation scope:

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

Six-month period ended June 30, 2019

c) New additions to the consolidation scope:

- On February 20, 2019 the following companies were incorporated in Spain: GR Sison Renovables, S.L.U., GR Porrón Renovables, S.L.U., GR Bisbita Renovables, S.L.U., GR Avutarda Renovables, S.L.U., GR Colimbo Renovables S.L.U., GR Mandarin Renovables, S.L.U., GR Danico Renovables, SLU, GR Charran Renovables, S.L.U., GR Cerceta Renovables, S.L.U., GR Calamon Renovables, S.L.U., GR Cormoran

Renovables, GR Garcilla Renovables, S.L.U., GR Launico Renovables, S.L.U., GR Malvasia Renovables, S.L.U., GR Martineta Renovables, S.L.U., and GR Faisan Renovables, S.L.U.

d) Removal from consolidation scope:

- On April 19, 2019 the Parent sold its interests in GR Tamarurgo, SpA.
- On June 26, 2019 the Parent sold its interests in GR Molle, SpA.
- On June 27, 2019 the Parent sold its interests in GR Guindo, SpA.
- On June 28, 2019 the Parent sold its interests in GR Bellota, SpA.

3. Implications of COVID-19

The interim condensed consolidated financial statements for the six-month period ended June 30, 2020 were affected by the strict measures adopted by various countries in which the Grenergy Group performs its activities in order to slow the spread of the COVID-19 virus, measures which severely impacted their economies. The duration and magnitude of the crisis are still only quantifiable to a limited extent. However, the bi-annual financial information adequately reflects the financial position of Grenergy and provides the information necessary for understanding the performance of the businesses with respect to the annual consolidated financial statements for FY 2019. The most relevant implications of COVID-19 on the interim condensed consolidated financial statements at June 30, 2020 are broken down below.

Significant accounting estimates and assumptions

The main significant accounting estimates and assumptions are disclosed in Note 2.2 to the annual consolidated financial statements for FY 2019.

Impairment of non-financial assets

At the date of authorization of the accompanying interim condensed consolidated financial statements, there were no indications that the COVID-19 pandemic had impacted long-term performance of the businesses in a way that significantly affected the measurement of non-financial assets. However, on June 30, 2020 the Group performed an impairment test on fixed assets corresponding to the wind farm under construction in Argentina. The results of the impairment test are disclosed in Note 5.

Impairment of financial assets

Given that at the date of issue of the accompanying interim condensed consolidated financial statements there were no indications that the COVID-19 pandemic had affected the recoverability of the balances recognized for financial assets, no additional provisions were recognized in this respect.

Risk management

The Group's risk management is described in Note 25.1 to the consolidated financial statements for FY 2019. The main issues regarding financial risks at June 30, 2020 are described below.

Liquidity risk

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

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

However, and with a view to guaranteeing liquidity should there be an additional deterioration in the generation of cash by the businesses, the sources for liquidity were expanded, ensuring that even in an environment of low liquidity the Greenergy Group would receive support from banking entities at competitive prices. This was evidenced by the signing of long-term loans for an amount of 14.3 million euros at June 30, 2020, all of which were granted by Spanish credit entities and included in the ICO-COVID credit lines (Note 13).

At June 30, 2020 the Greenergy Group's liquidity position was sound, including sufficient cash and available credit lines to cover its liquidity requirements comfortably even in the case of a major contraction of markets.

Interest rate

The objective of interest rate risk management is to maintain a balance between variable and fixed rate debt which allows for a reduction in the costs of financial debt within the established risk parameters. A total of 95% of Greenergy's debt at June 30, 2020 is set at a fixed rate, thus limiting the exposure to changes in interest rates.

Exchange rate

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

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

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

Other matters

Construction delays

On March 11, 2020 the World Health Organization qualified the COVID-19 corona virus outbreak as a pandemic. As a consequence, the main countries in which the Greenergy Group operates progressively started taking measures in order to limit the spread of COVID-19, which include or included, amongst other measures, restricted mobility for citizens, quarantines, isolation or confinement, the closing of borders and public as well as private venues (except for those covering primary needs and health centers), all of which affected and will affect the economic activities in those countries to a greater or lesser extent as well as the Group's operations in particular.

These measures caused a reduction in the Group's activity, mainly in Argentina and Peru, resulting in delays in the construction of the Kosten and Duna & Huambos projects, which in turn led to delays in obtaining income from the sale of energy.

4. Segmented financial reporting

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

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

- **Development and construction:** the activities of this division 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. This activity was mainly being performed in Chile and Spain at June 30, 2020 and June 30, 2019.
- **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"). The Group was not operating any solar parks or wind farms at June 30, 2020 and June 30, 2019.
- **Services:** this division includes the services rendered for projects once they have been started up or from the commercial operation date ("COD") under the corresponding EPC Contract, thus relating to projects which are 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.

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The distribution of revenue and EBITDA amongst the three business segments at the closing of the interim periods ended June 30, 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Income		
Development and Construction	57,211	54,789
Energy	-	-
Services	870	614
Total income	58,081	55,403

(*) Alternative performance measures (MAR in its Spanish acronym) See Appendix III.

	Thousands of euros	
	2020	2019
EBITDA		
Development and Construction	11,352	12,039
Energy	-	-
Services	109	27
Corporate	(1,979)	(1,823)
Total	9,482	10,243

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

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 27,263 thousand euros for the interim period ended June 30, 2020 and 187 thousand euros for the interim period ended June 30, 2019, 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, 2020 and June 30, 2019, broken down by geographical area, is as follows:

	06.30.2020	06.30.2019
Chile	57,975	55,279
Spain	106	124
Total (thousands of euros)	58,081	55,403

The Group's assets and liabilities at June 30, 2020 and December 31, 2019 are shown below by geographical location:

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Interim period ended June 30, 2020

ASSETS	Spain	Chile	Mexico	Peru	Colombia	Argentina	Total 06.30.2020
NON-CURRENT ASSETS	5,350,050	67,339,533	50,707	35,675,949	230,532	39,450,771	148,097,542
Intangible assets	82,520	5,709,367	-	-	-	3,661,413	9,453,300
Property, plant, and equipment	3,809,185	56,296,633	48,037	33,614,598	202,646	35,600,872	129,571,971
Right-of-use assets	374,778	2,145,055	-	2,056,953	-	80,345	4,657,131
Financial investments	239,568	28,224	2,670	4,398	-	1,165	276,025
Deferred tax assets	843,999	3,160,254	-	-	27,886	106,976	4,139,115
CURRENT ASSETS	34,933,658	22,571,426	1,815,835	6,047,280	134,618	5,247,232	70,750,049
Inventories	3,371,441	602,150	1,526,496	59,943	-	10,420	5,570,450
Trade and other receivables	4,913,163	13,127,182	270,031	2,191,180	35,515	3,991,401	24,528,472
Investments in related companies	40,512	-	-	-	-	-	40,512
Financial investments	8,091,735	10,913	-	-	729	-	8,103,377
Accruals	217,003	7,401	-	-	29,967	-	254,371
Cash and cash equivalents	18,299,804	8,823,780	19,308	3,796,157	68,407	1,245,411	32,252,867
TOTAL ASSETS	40,283,708	89,910,959	1,866,542	41,723,229	365,150	44,698,003	218,847,591

EQUITY AND LIABILITIES	Spain	Chile	Mexico	Peru	Colombia	Argentina	Total 06.30.2020
EQUITY	47,301,945	(746,898)	(1,767,206)	(964,165)	(152,120)	(3,207,273)	40,464,283
Equity attributable to the Parent	47,465,861	(747,214)	(1,724,666)	(984,320)	(152,120)	(3,207,273)	40,650,268
Share capital	8,507,177	-	-	-	-	-	8,507,177
Share premium	6,117,703	-	-	-	-	-	6,117,703
Reserves	34,078,420	1,280,447	(2,317,986)	(802,965)	(128,326)	(2,381,325)	29,728,265
Treasury shares	(5,801,820)	-	-	-	-	-	(5,801,820)
Profit (loss)	4,564,381	1,138,032	208,994	(356,649)	(30,573)	(936,307)	4,587,878
Unrealized gains (losses) reserve	-	(3,165,693)	384,326	175,294	6,779	110,359	(2,488,935)
Minority interests	(163,916)	316	(42,540)	20,155	-	-	(185,985)
NON-CURRENT LIABILITIES	32,001,870	45,260,741	-	26,304,021	-	31,537,355	135,103,987
Provisions	-	-	-	-	-	2,745,079	2,745,079
Borrowings	32,001,870	44,918,153	-	26,304,021	-	25,686,267	128,910,311
Deferred tax liabilities	-	342,588	-	-	-	3,106,009	3,448,597
CURRENT LIABILITIES	28,621,449	11,124,443	590,163	1,752,907	37,301	1,153,058	43,279,321
Provisions	-	2,124,173	-	-	-	-	2,124,173
Borrowings	8,504,626	4,358,726	-	164,992	-	817,538	13,845,882
Borrowings from related companies	54,162	42,361	-	-	-	-	96,523
Trade and other payables	20,062,661	4,599,183	590,163	1,587,915	37,301	335,520	27,212,743
TOTAL EQUITY AND LIABILITIES	107,925,264	55,638,286	(1,177,043)	27,092,763	(114,819)	29,483,140	218,847,591

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Year ended December 31, 2019

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

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

5. Property, plant, and equipment

The breakdown and movements during the six-month period ended June 30, 2020 of balances recognized under this heading in the accompanying consolidated statement of financial position are as follows:

	Machinery and technical installations	Other plant, tools, and furniture	Other PP&E items	PP&E under construction	TOTAL
COST					
Balance at 12.31.2019	2,038,397	1,097,874	98,461	71,440,866	74,675,598
Additions	134,427	58,992	20,986	59,126,670	59,341,075
Disposals, derecognitions, and reductions	(20,488)	(114,053)	-	-	(134,541)
Transfers	-	-	-	(711,838)	(711,838)
Balance at 06.30.2020	2,152,336	1,042,813	119,447	129,855,698	133,170,294
DEPRECIATION					
Balance at 12.31.2019	(1,631,171)	(273,858)	(57,843)	-	(1,962,872)
Allowance for the year	(26,421)	(57,432)	(32,110)	-	(115,963)
Decreases	20,488	114,053	-	-	134,541
Balance at 06.30.2020	(1,637,104)	(217,237)	(89,953)	-	(1,944,294)
IMPAIRMENT					
Balance at 12.31.2019	-	-	-	(2,365,867)	(2,365,867)
Allowance for the year	-	-	-	-	-
Decreases	-	-	-	711,838	711,838
Balance at 06.30.2020	-	-	-	(1,654,029)	(1,654,029)
Net carrying amount at 12.31.2019	407,226	824,016	40,618	69,074,999	70,346,859
Net carrying amount at 06.30.2020	515,232	825,576	29,494	128,201,669	129,571,971

The main additions during the six-month period ended June 30, 2020 correspond to solar parks or wind farms under construction at the reporting date which are to be held for their operation.

No significant items were derecognized during the 6-month period ended June 30, 2020.

The transfers correspond to the net carrying amount for the development of a project which the Group is carrying out in Mexico and which is meant for sale. Thus, the balance was reclassified to "Inventories" in the consolidated statement of financial position.

The balance recognized under "PP&E under construction" in the table above corresponds to the cost of the assets associated with the solar parks and wind farms. The breakdown by park or farm at June 30, 2020 and December 31, 2019 is as follows:

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Name of solar park/wind farm	Technology	Country	Capacity (MW)	Cost	
				06.30.2020	12.31.2019
Kosten	Wind	Argentina	24	35,600,012	31,102,578
Duna & Huambos	Wind	Peru	36	32,834,303	15,011,985
Quillagua	Solar	Chile	103	52,625,249	19,358,155
Other developments	Solar	Spain/Chile/Peru/Colombia	-	7,142,105	3,602,281
TOTAL				128,201,669	69,074,999

Impairment losses

At December 31, 2019 the Group recognized an impairment loss amounting to 2,366 thousand euros, mainly corresponding to various projects underway in Mexico as well as a solar park in Chile. During the second quarter of 2020 the Group decided to continue with one of its projects in Mexico and initiated construction in July 2020, thus reversing impairment losses recognized in prior years in the amount of 711,839 euros, an amount recognized under "Impairment losses" in the accompanying consolidated statement of profit or loss.

Further, during the second quarter of 2020, considering the economic and entrepreneurial environment resulting from COVID-19, current market conditions, economic uncertainty, as well as the specific situation in Argentina, an impairment test was carried out on June 30, 2020 for the CGU corresponding to the wind farm in Argentina. As a result of said test, it was not necessary to recognize any impairment losses on the assets associated with said CGU. The main hypotheses used for determining the recoverable amount at June 30, 2020 of the assets associated with the CGU corresponding to the Kosten wind farm, by discounting cash flows, were as follows:

	<u>06.30.2020</u>
Discount rate	11.84%
Period (years)	25

6. Intangible assets

The breakdown and movements during the six-month period ended June 30, 2020 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 12.31.2019	9,375,187	92,238	9,467,425
Additions	-	28,237	28,237
Currency translation differences	(4,407)	-	(4,407)
Balance at 06.30.2020	9,370,780	120,475	9,491,255
AMORTIZATION			
Balance at 12.31.2019	-	(21,518)	(21,518)
Allowance for the year	-	(16,437)	(16,437)
Disposals, derecognitions, and reductions	-	-	-
Balance at 06.30.2020	-	(37,955)	(37,955)

Balance at 12.31.2019	9,375,187	70,720	9,445,907
Balance at 06.30.2020	9,370,780	82,520	9,453,300

The balance recognized under "Patents, licenses, trademarks, et al." corresponds to the fair value of the development acquired in the purchase of Parque Eólico Quillaga, SpA (wind farm) in 2019 for an amount of 5,709 thousand euros and to the licenses acquired in the purchase of Kosten, S.A. for an amount of 3,661 thousand euros in 2017.

7. Inventories

The breakdown of inventories at the closing of the interim period ended June 30, 2020 and for FY 2019 is as follows:

	06.30.2020			12.31.2019		
	Cost	Impairment losses	Balance	Cost	Impairment losses	Balance
Raw materials and other consumables	3,230,052	-	3,230,052	1,015,452	-	1,015,452
Plant under construction	2,144,869	-	2,144,869	7,777,484	-	7,777,484
Prepayments to suppliers	195,529	-	195,529	58,180	-	58,180
Total	5,570,450	-	5,570,450	8,851,116	-	8,851,116

At the reporting dates of June 30, 2020 and December 31, 2019 the Group recognized materials pending utilization in the solar parks under "Raw materials and other consumables" in the respective amounts of 3,230,052 and 1,015,452 euros.

"Plant under construction" presents a balance of 2,144,869 euros at June 30, 2020, which includes the development costs for different projects being carried out for their subsequent sale. At December 31, 2019 the balance mainly included the construction costs for two photovoltaic solar plants located in Chile (Quinta and Sol de Septiembre) which were sold in the course of 2020.

8. Trade receivables

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

At June 30, 2020, "Trade receivables" mainly records the amounts pending collection for the sale of photovoltaic solar plants in the amount of 12,541 thousand euros (December 31, 2019: 11,361 thousand euros). At June 30, 2020, of the aforementioned amount, 5,867 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, 2019: 6,371 thousand euros).

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

9. Cash and cash equivalents

The breakdown of this heading at the closing of the interim period ended June 30, 2020 and FY 2019 is as follows:

	Balance at 06.30.2020	Balance at 12.31.19
Cash	32,252,867	28,773,087
Total	32,252,867	28,773,087

Of the amounts shown in the table above, at June 30, 2020 and December 31, 2019, 431 euros and 1,243,653 euros, respectively, correspond to current accounts pledged for obtaining guarantees.

10. Capital and reserves

10.1. Share capital

At June 30, 2020 the Parent's share capital amounted to 8,507,177 euros corresponding to 24,306,221 shares with a nominal value of 0.35 euros each.

At June 30, 2020 the following shareholders of the Parent held a direct stake of more than 10% of share capital:

Shareholder	Number of shares	Percentage of ownership interest
Daruan Group Holding, S.L.	16,539,590	68%

10.2. Share premium

The share premium amounted to 6,117,703 euros at June 30, 2020. This balance can be used for the same purposes as the voluntary reserves of the Parent, including conversion to capital.

10.3. 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, 2020. The breakdown and composition of the different line items are shown below:

	Balance at 12.31.2019	Increase	Decrease	Balance at 06.30.2020
Parent company reserves:				
<u>Non-distributable reserves</u>				
Legal reserve	729,187	718,203	-	1,447,390
Capitalization reserve	539,458	238,442	-	777,900
<u>Unrestricted reserves</u>				
Voluntary reserves	17,640,697	14,106,160	-	31,746,857
Total reserves of the Parent	18,909,342	15,062,805	-	33,972,147
Reserves in consolidated companies	(3,464,473)	2,384,266	(3,163,675)	(4,243,882)
Total	15,444,869	17,447,071	(3,163,675)	29,728,265

10.4. Treasury shares

The treasury share portfolio at the closing of the interim period ended June 30, 2020 and FY 2019 is comprised of the following:

	Balance at 06.30.2020	Balance at 12.31.2019
Number of shares in treasury share portfolio	548,726	556,815
Total treasury share portfolio	5,801,820	3,328,497
Liquidity Accounts	250,385	189,913
Fixed Own Portfolio Account	5,551,435	3,138,584

During the interim period ended June 30, 2020 and FY 2019, the movements in the treasury share portfolio of the Parent were as follows:

Period ended June 30, 2020

	Treasury shares		
	Number of shares	Nominal amount	Average acquisition price
Balance at 12.31.19	556,815	3,328,497	5.98
Acquisitions	516,964	7,156,413	13.84
Disposals	(525,053)	(7,238,708)	13.79
Balance at 06.30.2020	548,726	5,801,820	10.57

Year ended December 31, 2019

	Treasury shares		
	Number of shares	Value of portfolio	Average acquisition price
Balance at 12.31.18	888,177	2,062,969	2.32
Acquisitions	389,978	3,882,063	9.95
Disposals	(721,340)	(2,616,535)	3.63
Balance at 12.31.19	556,815	3,328,497	5.98

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 10.5).

At June 30, 2020 treasury shares represent 2.3% (December 31, 2019: 2.3%) of all the Parent's shares.

10.5. 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 for certain executives and key personnel based on the granting of options on the Parent's shares. At June 30, 2020 the number of shares set aside for covering this plan totaled 22,000 shares. The exercise price of the share options was established as 1.38 euros per share.

The beneficiary will be able to acquire:

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

At June 2, 2016 a second incentive plan was approved based on the granting of options on the Parent's shares with similar characteristics to the first one. At June 30, 2020 the number of shares set aside for covering this plan totaled 48,667 shares. The exercise price of the share options was established as 1.90 euros per share.

At November 27, 2018 a third incentive plan was approved based on the granting of options on the Parent's shares with similar characteristics to the previous two plans. At June 30, 2020 the number of shares set aside for covering this plan totaled 157,143 shares. The exercise price of the share options was established as 3.50 euros per share.

At March 29, 2019 a fourth incentive plan was approved based on the granting of options on the Parent's shares with similar characteristics to the previous three plans. At June 30, 2020 the number of shares set aside for covering this plan totaled 62,200 shares. The exercise price of the share options was established as 6.90 euros per share.

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

At June 30, 2020 there were 54,445 exercisable options (December 31, 2019: 54,445).

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

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

ninety sessions preceding the option grant date. The option can only be exercised if the beneficiary remains in the company. At June 30, 2020 the number of shares set aside for covering this plan totaled 67,165 shares, though no rights had been exercised at said date. The exercise price of the share options was established as 7.73 euros per share.

10.6. Earnings (loss) per share

Basic

The basic earnings (losses) per share from continuing operations corresponding to the interim periods ended June 30, 2020 and 2019 were as follows:

	Thousands of euros	
	06.30.2020	06.30.2019
Profit attributable to the partners of the Parent	4,587,878	6,969,201
Weighted average number of ordinary shares outstanding	23,753,451	23,489,379
Earnings (losses) per share	0.19	0.30

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.

11. Unrealized gains (losses) reserve

Hedging transactions

These transactions correspond to the fair value at June 30, 2020 and December 31, 2019 of interest rate hedging instruments contracted by the Group (Note 13.5).

12. Provisions and contingencies

The movements during the interim period ended June 30, 2020 in the line items included under this heading in the accompanying consolidated statement of financial position were as follows:

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	Provision for penalties	Provision for delays and guarantees	Other provisions	Total
Balance at 12.31.2019	2,748,384	828,909	-	3,577,293
Allowances	-	1,873,218	-	1,873,218
Currency translation differences	(3,305)	(132,366)	-	(135,671)
Amounts applied	-	(445,588)	-	(445,588)
Balance at 06.30.2020	2,745,079	2,124,173	-	4,869,252

Provision for penalties

This provision corresponds to the estimated penalties in connection with the commercial start-up of the Kosten wind farm, which arose in regard to its electricity-production contract with Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA). In accordance with the aforementioned contract, the Group was committed to ensuring that the wind farm would be finished and start commercial operations on August 13, 2019. However, due to different circumstances and events, mainly the bankruptcy of its most significant subcontractor, the wind farm could not be completed. The contractually established deadline has passed and the Group estimates that the commercial start-up will take place in the fourth quarter of 2020. At June 30, 2020, the Group's directors and its external as well as internal legal advisors considered the risk of having to pay the contractual penalties as likely, and thus decided to set aside a corresponding provision. The provision recognized had no effect on the consolidated statement of profit or loss as the Group executed certain guarantees issued in its favor which covered this circumstance with its main subcontractor. Notwithstanding the above, should CAMMESA finally decide to apply penalties to Grenergy for the delay, the directors of the Group consider there are legal grounds based on force majeure which could render the penalties void, and the pertinent legal steps would be taken to prevent the outflow of resources for the Group.

Provision for delays and guarantees

At each year end the Group evaluates the need to recognize a provision for guaranteeing and covering any inconsistencies that may arise with respect to materials, supplies, and spare parts delivered as well as penalties due to delays in connecting solar plants. At June 30, 2020 and December 31, 2019 the Group recognized provisions with respect to these items based on its historical experience in the case of the guarantees and based on the contractual clauses in the case of delays.

Provision for dismantling costs

The Group recognizes a provision for dismantling costs when the construction period for the solar plants and wind farms ends. This provision is calculated by estimating the present value of the obligations assumed in connection with dismantling or retirement and other associated obligations, such as restoration costs for the location on which the solar plants were constructed. At June 30, 2020 and December 31, 2019 the Group did not recognize any amounts for this item as it had no operational plants.

13. Non-current and current borrowings

The breakdown of these headings in the consolidated statement of financial position at June 30, 2020 and December 31, 2019 is as follows:

	Non-current borrowings	Current borrowings	Total at 12.31.19	Non-current borrowings	Current borrowings	Total at 12.31.20
Bonds and other marketable debt securities	21,539,686	-	21,539,686	21,536,663	598,460	22,135,123
Bank borrowings	41,764,740	4,953,157	46,717,897	103,566,267	6,094,682	109,660,949
Loans	41,764,740	3,633,730	45,398,470	103,566,267	2,949,777	106,516,044
Credit lines	-	24,435	24,435	-	471,475	471,475
Foreign financing	-	1,294,992	1,294,992	-	2,673,430	2,673,430
Other financial liabilities	208,249	3,342,401	3,550,650	182,219	3,233,670	3,415,889
Derivatives	-	654,429	654,429	-	3,211,391	3,211,391
Finance lease payables	3,726,447	692,217	4,418,664	3,625,162	707,679	4,332,841
Total	67,239,122	9,642,204	76,881,326	128,910,311	13,845,882	142,756,193

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

13.1. Bonds and other marketable debt securities

In October 2019, the Parent's Board of Directors agreed to establish the "2019 Greenergy 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 "2019 Greenergy Fixed-income Renewable Energy Program" on said market within the period it is in force (one year from preparation 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 2020 amounted to 598 thousand euros (0 euros for the interim six-month period ended June 30, 2019).

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13.2. Bank borrowings

The breakdown of loans subscribed and their main contractual conditions at June 30, 2020 and December 31, 2019 is as follows:

Interim period ended June 30, 2020

Financial entity	Maturity date	Interest rate	Type of guarantee	Installments	Euros		
					Non-current liabilities	Current liabilities	Total
Banco Sabadell	10/20/2021	2.50%	Corporate	Monthly	223,427	613,547	836,974
Banco Sabadell (USD)	4/19/2021	3.60%	Corporate	Monthly	-	732,078	732,078
KFW Bank	7/31/2034	5.00%	Project guarantee	Semi-annual	26,186,782	232,841	26,419,623
CAF-Banco de Desarrollo de América Latina & ICO	4/30/2036	6.79%	Project guarantee	Semi-annual	20,967,834	500,515	21,468,349
Sinia Capital	11/30/2035	9.50%	Project guarantee	Semi-annual	3,225,133	-	3,225,133
Banco Security, Banco del Estado de Chile, and Penta Vida Compañía de Seguros de Vida	11/8/2036	LIBOR 180 + 4.15% / 6.5%	Project guarantee	Semi-annual	32,275,677	370,234	32,645,911
Banco Security and Banco del Estado de Chile (VAT Loan)	11/8/2021	TAB 90 days + 1.75%	Project guarantee	No installments	1,022,652	5,281	1,027,933
Sinia Renovables	11/8/2036	9.10%	Project guarantee	Semi-annual	9,796,762	495,281	10,292,043
Banco Sabadell (ICO)	4/30/2025	2.00%	Corporate	Monthly	3,000,000	-	3,000,000
Bankinter (ICO)	4/30/2025	2.25%	Corporate	Monthly	2,000,000	-	2,000,000
BBVA (ICO)	5/13/2025	2.50%	Corporate	Monthly	500,000	-	500,000
Bankia (ICO)	4/30/2025	2.85%	Corporate	Monthly	2,168,000	-	2,168,000
Banco Santander (ICO)	4/30/2025	1.75%	Corporate	Monthly	1,200,000	-	1,200,000
Caixabank (ICO)	4/30/2025	2.50%	Corporate	Monthly	1,000,000	-	1,000,000
Total					103,566,267	2,949,777	106,516,044

Year ended December 31, 2019

Financial entity	Maturity date	Interest rate	Type of guarantee	Installments	Euros		
					Non-current liabilities	Current liabilities	Total
Banco Sabadell	10/20/2021	2.50%	Corporate	Monthly	534,031	609,693	1,143,724
Banco Sabadell (USD)	4/19/2021	3.60%	Corporate	Monthly	297,229	891,687	1,188,916
Banco Santander	4/10/2020	2.15%	Corporate	Quarterly	-	673,827	673,827
KFW Bank (USD)	7/31/2034	5.00%	Project guarantee	Semi-annual	22,961,222	1,458,523	24,419,745
CAF-Banco de Desarrollo de América Latina & ICO (USD)	4/30/2036	6.79%	Project guarantee	Semi-annual	8,119,074	-	8,119,074
Sinia Capital (USD)	11/30/2035	9.50%	Project guarantee	Semi-annual	-	-	-
Banco Security, Banco del Estado de Chile, and Penta Vida Compañía de Seguros de Vida (USD)	11/8/2036	-	Project guarantee	Semi-annual	-	-	-
Sinia Capital (USD)	11/8/2036	-	Project guarantee	Semi-annual	9,808,555	-	9,808,555
Total					41,764,740	3,633,730	45,398,470

At June 30, 2020 and December 31, 2019 the Group had 4 project finance arrangements amounting to an approximate total of 127 million euros:

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- project finance granted by KFW Bank to the subsidiary GR Kosten, S.A.U. to build and operate the Kosten wind farm (24 MW) in Argentina;
- another two granted by CAF-Banco de Desarrollo de América Latina, by Spain's Instituto de Crédito Oficial (ICO), and Sinia Capital, S.A.C.V. to the subsidiary GR Taruca, S.A.C. for construction and operation of the Duna wind farm, and to the subsidiary GR Paino, S.A.C. for construction and operation of the Huambos wind farm, both located in Peru and each with a capacity of 18 MW; and
- project finance granted by Banco Security, Banco del Estado de Chile, Penta Vida Compañía de Seguros de Vida, and Sinia Renovables, S.A.U. to the subsidiary Parque Eólico Quillagua, SpA for construction and operation of the Quillagua solar park with a capacity of 103 MW.

13.3. Credit facilities and discount lines

At June 30, 2020 and December 31, 2019 the Group had subscribed credit facilities and credit financing for foreign operations with various financial entities. The breakdown of the credit drawn at said dates together with the corresponding contractual terms is as follows:

Interim period ended June 30, 2020

Financial entity	Maturity date	Euros		
		Credit limit granted	Amount drawn	Drawable amount
BANKIA	10/4/2020	100,000	-	100,000
SANTANDER	5/23/2023	650,000	-	650,000
SABADELL	5/10/2021	200,000	-	200,000
BANKINTER	10/20/2020	500,000	471,366	28,634
BBVA	4/29/2023	500,000	-	500,000
BANKIA (VISA)	Indefinite	3,000	-	3,000
BANCO SABADELL (VISA)	Indefinite	30,000	-	30,000
SECURITY (VISA)	Indefinite	8,000	109	7,891
Total credit facilities		1,991,000	471,475	1,519,525
SABADELL	Indefinite	13,500,000	424,170	2,675,128
SANTANDER	Indefinite	11,000,000	-	7,201,000
BANKIA	5/27/2020	11,000,000	-	5,750,129
BANKINTER	10/20/2020	12,700,000	-	1,873,290
CAIXABANK	1/23/2021	3,249,260	2,249,260	-
BBVA	3/1/2020	7,500,000	-	1,176,671
Total foreign financing		58,949,260	2,673,430	18,676,218
Total		60,940,260	3,144,905	20,195,743

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Year ended December 31, 2019

Financial entity	Maturity date	Euros		
		Credit limit granted	Amount drawn	Drawable amount
BANKIA I	5/27/2020	100,000	-	100,000
BANKIA II	4/21/2020	1,500,000	-	1,500,000
SANTANDER	4/17/2020	300,000	-	300,000
SANTANDER II (PREVIOUSLY "POPULAR")	5/7/2020	200,000	-	200,000
SABADELL	5/10/2020	200,000	23,102	176,898
BANKINTER	Indefinite	500,000	-	500,000
BANKIA (VISA)	Indefinite	3,000	-	3,000
BANCO SABADELL (VISA)	Indefinite	30,000	-	30,000
SECURITY (VISA)	Indefinite	8,000	1,333	6,667
Total credit facilities		2,841,000	24,435	2,816,565
SABADELL (USD)	Indefinite	13,500,000	67,554	2,886,110
SANTANDER (USD)	Indefinite	11,750,000	-	7,024,020
BANKIA (USD)	5/27/2020	11,000,000	1,227,438	3,218,843
BANKINTER (USD)	Indefinite	11,000,000	-	5,531,739
CAIXABANK (USD)	1/23/2021	5,000,000	-	2,985,581
BBVA (USD)	3/1/2020	5,000,000	-	-
Total foreign financing		57,250,000	1,294,992	21,646,293
Total		60,091,000	1,319,427	24,462,858

13.4. Other borrowings

At June 30, 2020 and December 31, 2019 the breakdown of other borrowings held by the Group was as follows:

Interim period ended June 30, 2020

Lender	Maturity date	Interest rate	Type of guarantee	Installments	Euros		
					Non-current liabilities	Current liabilities	Total
Spanish Center for the Development of Industrial Technology (CDTI)	5/12/2022	Zero interest	No	Monthly	182,219	52,060	234,279
Ministry of Economy and Competition	1/20/2021	Zero interest	No	Monthly	-	300	300
Other borrowings (Kosten)	-	-	-	-	-	1,068,738	1,068,738
Other borrowings (PEQ)	-	-	-	-	-	2,111,269	2,111,269
Other	-	-	-	-	-	1,303	1,303
Total					182,219	3,233,670	3,415,889

Year ended December 31, 2019

Lender	Maturity date	Interest rate	Type of guarantee	Installments	Euros		
					Non-current liabilities	Current liabilities	Total
Spanish Center for the Development of Industrial Technology (CDTI)	5/12/2022	Zero interest	No	Monthly	208,249	52,060	260,309
Ministry of Economy and Competition	1/20/2021	Zero interest	No	Monthly	-	6,226	6,226
Other borrowings (Kosten)	-	-	-	-	-	1,169,001	1,169,001
Other borrowings (PEQ)	-	-	-	-	-	2,113,810	2,113,810
Other	-	-	-	-	-	1,304	1,304
Total					208,249	3,342,401	3,550,650

These total balances correspond to the following:

- Amount pending payment which was generated by the purchase of Kosten S.A., integrated into the Group during 2017
- Amount pending payment which was generated by the purchase of Parque Eólico Quillagua SpA, integrated into the Group in 2019
- Amount pending repayment on a zero interest loan granted by the CDTI on October 13, 2011 in the amount of 520,609 euros in order to help financing the necessary investments for the project known as "Design and Modeling of a forecasting system for performance and integral control at energy distribution installations"
- Further, the Parent received a zero interest rate loan granted by the Ministry of Economy and Competition on April 16, 2012 in the amount of 33,756 euros relating to the personnel expenses for carrying out the project known as "Design and Modeling of a forecasting system for performance and integral control at energy distribution installations."

13.5. Derivative financial instruments

The derivative financial instruments recognized at June 30, 2020 and December 31, 2019 correspond to two interest rate swaps established to mitigate the effects of fluctuations in the 6-month Libor rate upon which finance expenses are established on loans contracted with banks to finance construction of the solar park included under Quillagua's "PP&E under construction." The notional amounts and fixed rates contracted are as follows:

Park	Financial entity	Notional amount at 06.30.2020	Notional amount at 31.12.2019	Fixed rate
Quillagua	Banco Security	11,194,470	11,207,946	6.452%
Quillagua	Banco del Estado de Chile	11,194,470	11,207,946	6.452%

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

13.6. Finance lease liabilities

The main liabilities recognized at June 30, 2020 and December 31, 2019 under this heading in the consolidated statement of financial position are as follows:

Interim period ended June 30, 2020

	Land	Offices	Transport equipment	Total
Non-current lease liabilities	2,644	866	115	3,625
Current lease liabilities	352	323	33	708
TOTAL (thousands of euros)	2,996	1,189	148	4,333

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

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

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

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

14. Tax situation

The breakdown of income tax expense is as follows:

	06.30.2020	06.30.2019
Current income tax	(2,158,968)	(1,908,787)
Deferred tax	-	423
Total	(2,158,968)	(1,908,364)

15. Income and expenses**Cost of sales**

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

	06.30.2020			06.30.2019		
	Purchases	Changes in inventories	Total	Purchases	Changes in inventories	Total
Consumption of goods for resale	34,404,170	2,214,600	36,618,770	35,976,908	32,670	36,009,578
Subcontracted work	-	-	-	12,742	-	12,742
Total	34,404,170	2,214,600	36,618,770	35,989,650	32,670	36,022,320

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

	06.30.2020	06.30.2019
Spain	8,916,733	9,708,708
Imports	25,487,437	26,313,612
Total	34,404,170	36,022,320

Social security costs, et al.

The breakdown of this heading in the consolidated statement of profit or loss at June 30, 2020 and June 30, 2019 is as follows:

	06.30.2020	06.30.2019
Social security payable by the company	429,926	326,911
Other social security expenses	29,409	35,605
Total	459,335	362,516

The Group's average number of employees during the interim periods ended June 30, 2020 and June 30, 2019 by professional category is as follows:

Category	06.30.2020	06.30.2019
Directors and Senior Management	9	5
Department directors	22	18
Other	116	95
Total	147	118

The breakdown by gender of employees, directors, and senior management at June 30, 2020 and June 30, 2019 is as follows:

Category	06.30.2020			06.30.2019		
	Men	Women	Total	Men	Women	Total
Directors and Senior Management	6	3	9	4	1	5
Department directors	19	4	23	15	4	19
Other	86	29	115	78	27	105
Total	111	36	147	97	31	129

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

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External services

The breakdown of this heading in the consolidated statement of profit or loss at June 30, 2020 and June 30, 2019 is as follows:

Nature	06.30.2020	06.30.2019
Leases	135,293	245,705
Repairs and maintenance	89,907	68,702
Professional services	711,521	610,503
Transportation	-	2,423
Insurance	70,718	50,710
Banking services	178,449	48,774
Advertising and publicity	37,850	82,344
Supplies	64,137	63,589
Other	357,052	218,163
Total	1,644,927	1,390,913

Finance income and expenses

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

	06.30.2020	06.30.2019
Income	49,436	108,767
Interest from other financial assets	49,436	108,767
Expenses	(1,299,774)	(304,943)
Interest on borrowings	(1,299,774)	(304,943)
Exchange gains (losses)	(1,837,973)	(725,006)
Finance cost	(3,088,311)	(921,182)

16. Related-party transactions**16.1. Related-party transactions and balances**

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

At the closing of the interim periods ended June 30, 2020 and December 31, 2019 the debit and credit balances held with related parties were as follows:

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	Parent company	Other related parties	Total 06.30.2020	Parent company	Other related parties	Total 12.31.2019
Assets						
Loans to Group companies	40,512	-	40,512	40,512	-	40,512
	40,512	-	40,512	40,512	-	40,512
Liabilities						
Payables to suppliers of group companies	-	-	-	-	(5,436)	(5,436)
Borrowings from group companies	(25,659)	(70,864)	(96,523)	-	-	-
	(25,659)	(70,864)	(96,523)	-	(5,436)	(5,436)

The breakdown of transactions carried out with related parties during the interim periods ended June 30, 2020 and 2019 is as follows:

	06.30.2020			06.30.2019		
	Parent company	Key management personnel	Other related parties	Parent company	Key management personnel	Other related parties
Expenses	(96,076)	(356,937)	(291,031)	(25,144)	(127,904)	(116,342)
Purchases	-	-	(239,313)	-	-	-
Services received	(96,076)	-	(51,718)	(25,144)	-	(116,342)
Remuneration (Note 16.2)	-	(356,937)	-	-	(127,904)	-

The transactions with related parties carried out during the interim periods ended June 30, 2020 and 2019 relate to the normal course of the Group's business and were generally carried out on an arm's length basis.

16.2. Remuneration for directors and senior management

During the interim periods ended June 30, 2020 and 2019, the directors of the Parent were not granted any advances or credit, nor did the Parent assume any obligations on their behalf by way of guarantees extended. Likewise, the Parent has no pension or life insurance commitments for any of its current or former directors.

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

Type of remuneration	06.30.2020		06.30.2019	
	Board of Directors	Senior management	Board of Directors	Senior management
Fixed remuneration	214,000	130,540	84,000	36,000
Compensation in kind	4,625	7,772	4,625	3,279
Total	218,625	138,312	88,625	39,279

16.3. 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, 2020 and 2019.

17. Other disclosures

17.1. Guarantees extended to third parties

At June 30, 2020 the Group had provided guarantees to third parties in the amount of 44,081,735 euros (December 31, 2019: 45,286,171 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 Greenergy with regard to its obligations related to the ordinary course of its activities, which is considered unlikely. Greenergy considers that any unforeseen liabilities at June 30, 2020 that may arise in connection with the abovementioned guarantees, would in any case not be significant.

18. Subsequent events

No significant events took place from the closing of the six-month period ended June 30, 2020 to the date on which the Parent's Board of Directors authorized these interim condensed consolidated financial statements that require additional disclosure.

19. Explanation to the translation to English

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

**Interim consolidated management report
for the interim six-month period ended
June 30, 2020**

1. The Group's main activities

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

Greenergy 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 has been present in Spain and the Latam regions since 2012, where it currently has offices in Chile, Peru, Colombia, Argentina, and Mexico. The most recent presentation of half-year results reflected the Group's overall pipeline, which includes photovoltaic solar energy installations and wind farms in different stages of development within its pipeline over 4,6 GW.

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

Greenergy 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 the Parent 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 ten years.

The Parent has been listed on the continuous market since December 16, 2019, with capitalization at June 30, 2020 totaling 359 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, 2020 the Group had over 4,6 GW in different stages of development.

1.3 Operating divisions

The Greenergy 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 Greenergy 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 2020

- Total income and EBIDTA for the first six-month period of 2020 amounted to 58,081 thousand and 9,482 thousand euros, respectively, broken down by operating division as follows:

	Thousands of euros	
	2020	2019
Income		
Development and Construction	57,211	54,789
Energy	-	-
Services	870	614
Total income (*)	58,081	55,403

(*) Alternative performance measures (MAR in its Spanish acronym) See Appendix III.

	Thousands of euros	
	2020	2019
EBITDA		
Development and Construction	11,352	12,039
Energy	-	-
Services	109	27
Corporate	(1,979)	(1,823)
Total (*)	9,482	10,243

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

Development and Construction: the increase in income corresponds to a greater number of parks sold during the first half of 2020. EBITDA decreased 7% with respect to the same period in the previous year, mainly due to the recognition of a provision to cover possible penalties in connection with delays and amounting to 1.4 million euros.

Energy: the Company did not have any connected parks in 2020.

Services: the increase in revenue corresponds to a greater number of parks in operation during 2020.

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

GREENERGY RENOVABLES, S.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2020

- Depreciation and amortization expenses, amounting to 391 thousand euros, suffered an increase of 53% with respect to the same period in 2019 as a consequence of the increased investments in assets in recent months.
- Finance cost amounted to a negative total of 3.1 million euros. This item encompasses two large figures:
 - Interest on the debt arising from loans and corporate bonds: 1.3 million euros in expenses.
 - Negative currency translation differences, mainly relating to provisions due to the strong depreciation of the Latin American currencies with respect to the US dollar during 2020. This drop made it necessary to adjust the value of inter-company balances to the prevailing exchange rate at the reporting date, via the establishment of exchange rate provisions, with a negative result of 1.8 million euros arising.
- After tax profits for the Group totaled 4.6 million euros.
- With regard to the consolidated statement of financial position, the performance reflected at the June 2020 reporting date with respect to the prior year showed changes which reflected continuity in the Group's growth, with the most important balances being strengthened. The following are especially positive aspects worth highlighting:
 - the 84% increase in PP&E, reaching 129.6 million euros, which was a consequence of the construction of the parks which the Group intends to operate;
 - the 9% increase in equity, reaching 40.5 million euros;
 - the increase in working capital, which amounts to 27.5 million euros, representing a 22% increase over the amount recognized at 2019 year end, thus permitting the Group to meet its short-term payment obligations comfortably, continue performing its activities, while ensuring its stability and a decrease in its long-term financial debt;
 - the increase in debt owed to credit entities, amounting to 62.9 million euros (+135%), due to the debt associated with new projects under construction as well as the debt associated with the issue of corporate bonds amounting to 22 million euros.

3. 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 the date of authorization of the accompanying interim condensed consolidated financial statements, all projects developed and constructed by the Group in Spain and Latam were sold to third parties, permitting Greenergy 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. The Group also performed O&M and asset management services in the majority of the projects transferred to third parties, which generated recurring revenue from the moment the first plants were started up in Spain.

Without prejudice to continuing the aforementioned "build to sell" business model, the Group intends to base part of its future business on the design, construction, and operation of its own projects in Spain and Latin America, so as to generate and obtain recurring income from the sale of energy generated by these projects in the medium and long term. Thus, the Group will retain ownership of certain build-to-own projects. Further, the Group expects that the rotation of projects in their different phases of development, always subject to their construction, will allow it to consolidate a portfolio of projects to provide the basis for future recurring income once these projects are connected to the electricity grid, selling energy directly to the market or to specific buyers of energy under bilateral purchase-sale contracts or other purchase-sale framework contracts for energy at predetermined prices, or by resorting to bankable schemes for the stabilization of prices.

In addition to its solar and wind energy generation activity, the Group plans to add storage activities to its services: storing energy produced by intermittent renewable sources in order to arbitrage when selling the energy and accessing other remuneration schemes. 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 2020 include: (i) developing photovoltaic solar, wind, and storage activities; (ii) building and manage over 163 MW Power Producer ("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 Greenergy Group operates (Spain, Chile, Mexico, Peru, Colombia, and Argentina).

4. Implications of COVID-19

The interim condensed consolidated financial statements for the six-month period ended June 30, 2020 were affected by the strict measures adopted by various countries in which the GREENERGY Group performs its activities in order to slow the spread of the COVID-19 virus, measures which severely impacted their economies. The duration and magnitude of the crisis are still only quantifiable to a limited extent. The most relevant implications of COVID-19 on the interim condensed consolidated financial statements at June 30, 2020 are broken down below.

Risk management

The Group's risk management is described in Note 25.1 to the consolidated financial statements for FY 2019. The main issues regarding financial risks at June 30, 2020 are described below.

Liquidity risk

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

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

However, and with a view to guaranteeing liquidity should there be an additional deterioration in the generation of cash by the businesses, the sources for liquidity were expanded, ensuring that even in an environment of low liquidity the GREENERGY Group would receive support from banking entities at competitive prices. This was evidenced by the signing of long-term loans for an amount of 14.3 million euros at June 30, 2020, all of which were granted by Spanish credit entities and included in the ICO-COVID credit lines (Note 13).

At June 30, 2020 the GREENERGY Group's liquidity position was sound, including sufficient cash and available credit lines to cover its liquidity requirements comfortably even in the case of a major contraction of markets.

Interest rate

The objective of interest rate risk management is to maintain a balance between variable and fixed rate debt which allows for a reduction in the costs of financial debt within the established risk parameters. A total of 95% of Greenergy's debt at June 30, 2020 is set at a fixed rate, thus limiting the exposure to changes in interest rates.

Exchange rate

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

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

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

Other matters

Construction delays

On March 11, 2020 the World Health Organization qualified the COVID-19 corona virus outbreak as a pandemic. As a consequence, the main countries in which the GREENERGY Group operates started taking measures progressively in order to limit the spread of COVID-19, which include or included, amongst other measures, restricted mobility for citizens, quarantines, isolation or confinement, the closing of borders and public as well as private venues (except for those covering primary needs and health centers), all of which affected and will affect the economic activities in those countries to a greater or lesser extent as well as the Group's operations in particular.

These measures caused a reduction in the Group's activity, mainly in Argentina and Peru, resulting in delays in the construction of the Kosten and Duna & Huambos projects, which in turn led to delays in obtaining income from the sale of energy.

5. Environmental information

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

Competent authorities in the different countries in which the Group operates are in charge of preventing environmental damage. Conducting an environmental impact assessment on any activity makes it possible to introduce an environmental dimension to project design and execution, as well as in the performance of activities carried out in each country. This assessment allows for certification that the initiatives, both in the private and public sectors, are in compliance with the applicable environmental requirements.

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

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

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

Depending on each project, the Group hires different consultants and specialized engineering firms to conduct environmental studies which are subsequently reviewed by the competent authorities. Once said studies have been analyzed in detail by the

competent authority, a decision is taken as to the appropriateness of performing the activity being assessed, determining the conditions and measures necessary for adequately protecting the environment and the natural resources associated with the project.

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

6. Subsequent events

No significant events took place from the closing of the six-month period ended June 30, 2020 to the date on which the Parent's Board of Directors authorized these interim condensed consolidated financial statements that require additional disclosure.

APPENDIX I: Regulatory framework

With respect to the regulatory framework described in Note 1.3 to the consolidated financial statements for the year ended December 31, 2019, it is worth highlighting the following matters corresponding to the first half of 2020:

Spain

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

- Introduce a law in parliament which guarantees that zero net emissions be achieved at the latest by 2050, implementing a 100% renewable electricity system, private and commercial vehicles with 0 grams of CO₂ emissions per kilometer, an agricultural system neutral in equivalent CO₂ emissions, as well as a tax, budget, and financial system compatible with the necessary decarbonization of the economy and society.
- Define the path to decarbonization in the long term for our country, ensuring the objective of climate neutrality at the latest by the year 2050.
- Present the second National Plan for Adaptation to Climate Change.
- Boost the transformation of our industrial model and services sector via collective agreements for a Fair Transition together with accompanying measures.

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

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

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

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

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

and focus the decarbonization of the Spanish economy by 2050, a decarbonization process which must be socially just.

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

On September 22, 2020, the Government approved the National Plan for Adaptation to Climate Change 2021-2030 (PNACC).

Chile

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

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

Mexico

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

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

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

APPENDIX II: Individual financial statements for Greenergy Renovables, S.A. corresponding to the interim six-month period ended June 30, 2020

GREENERGY RENOVABLES, S.A. BALANCE SHEET AT JUNE 30, 2020 AND DECEMBER 31, 2019 (Euros)

ASSETS	30.06.2020	31.12.2019	EQUITY AND LIABILITIES	30.06.2020	31.12.2019
NON-CURRENT ASSETS	50,019,261	41,057,346	EQUITY	48,667,947	35,181,470
Intangible assets	82,520	70,720	CAPITAL AND RESERVES	48,667,947	35,181,470
Software	82,520	70,720	Share capital	8,507,177	8,507,177
Property, plant and equipment	775,958	644,883	Issued capital	8,507,177	8,507,177
Plant and other PP&E	775,958	644,883	Share premium	6,117,703	6,117,703
Investments in group companies and associates	48,271,077	39,474,745	Reserves and retained earnings	26,433,411	16,703,061
Equity instruments	33,865,945	29,296,646	Legal reserve	1,447,390	729,187
Loans to group companies and associates	14,405,132	10,178,099	Voluntary reserves	24,986,021	15,973,874
Financial investments	47,739	24,000	(Own shares and equity holdings)	(5,801,820)	(3,328,497)
Other financial assets	47,739	24,000	Profit for the year	13,411,476	7,182,026
Deferred tax assets	841,967	842,998			
			NON-CURRENT LIABILITIES	31,925,872	22,710,798
			Non-current payables	31,925,872	22,710,798
			Bonds and other marketable securities	21,536,662	21,539,687
			Bank borrowings	10,091,427	831,260
			Finance lease liabilities	115,564	131,602
			Other financial liabilities	182,219	208,249
CURRENT ASSETS	59,281,235	48,630,700	CURRENT LIABILITIES	28,706,677	31,795,778
Inventories	4,383,239	1,692,133	Borrowings	8,355,068	6,868,629
Raw materials and other consumables	3,095,971	872,111	Bonds and other marketable securities	598,460	-
Work in progress	1,287,268	-	Bank borrowings	4,490,422	3,493,301
Advances to suppliers	-	820,022	Finance lease liabilities	32,516	32,927
Trade and other receivables	25,291,391	18,531,402	Other financial liabilities	3,233,670	3,342,401
Trade receivables	61,851	64,561			
Trade receivables from group companies and associates	20,478,569	16,178,806	Payables to group companies and associates	297,150	242,988
Other receivables	3,460,146	1,651,195			
Receivables from employees	4,394	-	Trade and other payables	20,054,459	24,684,161
Public entities, other	1,286,431	636,840	Suppliers	14,579,205	17,412,657
Investments in group companies and associates	3,050,529	3,933,100	Suppliers, group companies and associates	-	5,436
Loans to group companies and associates	3,050,529	3,933,100	Other payables	517,508	1,543,743
Financial investments	8,091,735	6,857,767	Employee benefits payable	281,732	415,669
Other financial assets	8,091,735	6,857,767	Current tax liabilities	2,164,757	525,521
Accruals	210,253	206,844	Other payables to public administrations	109,884	200,859
Cash and cash equivalents	18,254,088	17,409,454	Customer advances	2,401,373	4,580,276
Cash in hand	18,254,088	17,409,454			
TOTAL ASSETS	109,300,496	89,688,046	TOTAL EQUITY AND LIABILITIES	109,300,496	89,688,046

GREENERGY RENOVABLES, S.A.

PROFIT AND LOSS ACCOUNT CORRESPONDING TO THE PERIOD ENDED AT JUNE 30, 2020 AND 2019

(Euros)

	30.06.2020	30.06.2019
CONTINUING OPERATIONS		
Revenue	34,333,532	28,146,271
Sales	34,227,137	28,022,726
Rendering of services	106,395	123,545
Cost of sales	(23,929,650)	(26,234,207)
Consumption of goods for resale	(23,929,650)	(26,234,207)
Other operating income	42,426	33,365
Ancillary income	42,426	33,365
Employee benefits expenses	(1,688,158)	(1,166,779)
Wages, salaries, et al	(1,295,468)	(857,307)
Social security costs	(392,690)	(309,472)
Other operating expenses	(1,103,926)	(650,777)
External services	(1,103,632)	(650,122)
Taxes	(294)	(655)
Depreciation and amortization	(80,606)	(40,993)
Impairment losses and gains (losses) on disposal of non-current assets	-	(1,485)
Gains (losses) on disposals and other	-	(1,485)
Other gains (losses)	(125,182)	17,100
OPERATING PROFIT	7,448,436	102,495
Finance income	30,113	5,498
From marketable securities & other financial instruments	30,113	5,498
- Of group companies and associates	-	-
- Of third parties	30,113	5,498
Finance costs	(1,138,529)	(289,015)
Third-party borrowings	(1,138,529)	(289,015)
Exchange gains (losses)	216,922	169,285
Impairment and gains/(losses) on disposal of financial instruments	8,813,118	4,758,593
Impairment and losses	2,233,345	-
Gains/(losses) on disposal and other	6,579,773	4,758,593
FINANCE COST	7,921,624	4,644,361
PROFIT BEFORE TAX	15,370,060	4,746,856
Corporate income tax	(1,958,584)	(1,144,686)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	13,411,476	3,602,170
PROFIT FOR THE YEAR	13,411,476	3,602,170

APPENDIX III: Glossary of alternative performance measures (APM)

These interim condensed consolidated financial statements for the six-month period ended June 30, 2020 include financial figures which correspond to alternative performance measures (APMs) 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, 2020 and 2019.

ALTERNATIVE PERFORMANCE MEASURE	CALCULATION METHOD	DEFINITION/RELEVANCE
Income	"Revenue" + "Work performed by the entity and capitalized" + "Gains (losses) on disposals and other."	Indicates the total volume of income obtained from the Group's operating activities.
EBITDA	"Operating profit" - "Impairment losses" - "Depreciation and amortization."	Indicates the Group's profit-generation capacity, solely based on its operating activities, eliminating depreciation provisions and impairment losses on PP&E.

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

Income

	6/30/2020	6/30/2019
RECONCILIATION OF INCOME		
"Revenue".....	30,817,724	55,216,633
+ "Work performed by the entity and capitalized"	27,263,035	187,393
+ "Gains (losses) on disposals and other".....	-	(1,485)
Total income	58,080,759	55,402,541

EBITDA

	<u>6/30/2020</u>	<u>6/30/2019</u>
RECONCILIATION OF EBITDA		
<i>"Operating profit (loss)"</i>	9,803,122	9,785,295
- <i>"Impairment losses and losses"</i>	711,838	(201,694)
- <i>"Depreciation and amortization"</i>	(391,147)	(256,491)
Total EBITDA	9,482,431	10,243,480

AUTHORIZATION FOR ISSUE OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INTERIM CONSOLIDATED MANAGEMENT REPORT FOR THE PERIOD ENDED JUNE 30, 2020

The interim condensed consolidated financial statements and the interim consolidated management report for the six-month period ended June 30, 2020 were authorized by the Board of Directors of the Parent Company, GREENERGY RENOVABLES, S.A. at its meeting on September 28, 2020, for their verification by auditors and subsequent approval by the shareholders in general meeting.

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

Signed in the original report issued in Spanish

Signed in the original report issued in Spanish

Mr. David Ruiz de Andrés
(Chief Executive Officer)

Mr. Antonio Jiménez Alarcón
(Board Member)

Signed in the original report issued in Spanish

Signed in the original report issued in Spanish

Mr. Florentino Vivancos Gasset
(Board Member)

Ms. Ana Peralta Moreno
(Board Member)

Signed in the original report issued in Spanish

Signed in the original report issued in Spanish

Mr. Nicolás Bergareche Mendoza
(Board Member)

Ms. María del Rocío Hortigüela Esturillo
(Board Member)