SUNNICA ENERGY FARM

EN010106

Volume 4

4.2 Funding Statement

APFP Regulation 5(2)(h)

Planning Act 2008

Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009

18 November 2021

Version number: 00

Planning Act 2008

The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009

Sunnica Energy Farm

Funding Statement

Regulation Reference:	Regulation 5(2)(h)
Planning Inspectorate Scheme Reference	EN010106
Application Document Reference	EN010106/APP/4.2
Author	Sunnica Energy Farm Project Team

Version	Date	Status of Version
Rev 00	18 November 2021	Application Version

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1 Introduction

1.1.1 This Funding Statement has been prepared by Sunnica Limited ("**Sunnica**"). It forms part of the application ("**Application**") for a development consent order ("**DCO**") that has been submitted to the Secretary of State for Business, Energy and Industrial Strategy ("**SoS**") under section 37 of the Planning Act 2008 ("**PA 2008**")

1.2 The Proposed Development

1.2.1 The Sunnica Energy Farm is a new solar energy farm proposal that would deliver electricity to the national electricity transmission network. Sunnica Limited is proposing to install ground mounted solar photovoltaic (**"PV"**) panel arrays to generate electricity energy from the sun and combine these with a Battery Energy Storage System (**"BESS"**) which will connect to the Burwell National Grid Substation in Cambridgeshire.

1.2.2 Electricity will be generated at Sunnica East Site A, near Isleham in Cambridgeshire; Sunnica East B, near Worlington and Freckenham in Suffolk; Sunnica West Site A near Chippenham and Kennett in Cambridgeshire; and Sunnica West Site B, near Snailwell in Cambridgeshire. All locations will comprise ground mounted solar PV panel arrays, supporting electrical infrastructure and, with the exception of Sunnica West Site B, a BESS.

1.2.3 Supporting electrical infrastructure will include onsite substations on Sunnica East A and B and Sunnica West A, and on-site cabling between the different electrical elements across the Scheme. The generating equipment of the Scheme will be fenced and be protected via security measures such as Closed Circuit Television and lighting. Inside the fenced areas, in addition to the generating equipment will be, internal access tracks, and drainage. It is not proposed for any area to be continuously lit.

1.2.4 Visual, ecological and archaeological mitigation is proposed which includes proposed grassland planting and new woodland; retention of existing woodland, wetlands and other vegetation; and offsetting areas where there will be no development. The BESSs will consist of a compound and battery array to allow for the importation, storage and exportation of energy to the National Grid. There will also be areas at Sunnica East Site A and Sunnica East Site B for office and storage facilities for use during the Scheme’s operation.

1.2.5 The Scheme will be connected to a new substation extension at the existing Burwell National Grid Substation, using 132 kilovolt (kV) cables buried underground. The cables will run between Sunnica East Site A, Sunnica East Site B and Sunnica West Site A (**“Grid Connection Route A”**), and then from Sunnica West Site A to Sunnica West B and onwards to the Burwell National Grid Substation **(“Grid Connection Route B”**). The Burwell National Grid Substation Extension will convert the 132kV to 400kV. The 400kV cables will be buried and will connect the Scheme to the existing Burwell National Grid Substation to allow distribution to the national transmission network

1.2.6 The Scheme will have two main access points, one north of Elms Road at Sunnica East B and one south of La Hogue Road at Sunnica West Site A. The main access route to Sunnica West Site A will be via the Chippenham junction of the A11, to the north of junction 38 of the A14. Sunnica East Site B will be accessed via the A11 and B1085. A number of secondary access points are proposed to access the individual land parcels through construction, operation and decommissioning activities.

1.2.7 The Scheme qualifies as a Nationally Significant Infrastructure Project (**“NSIP”**) and will require a DCO from the SoS, due to its generating capacity exceeding 50 MW.

1.3 The Purpose and Structure of this Document

1.3.1 This Statement has been produced pursuant to Regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedures) Regulations 2009 (the "**APFP 2009**") and the Department of Communities and Local Government guidance 'Planning Act 2008: Guidance related to procedures for the compulsory acquisition of land' (September 2013) (the "**Guidance**")

1.3.2 This Statement is required because the DCO sought for Sunnica Energy Farm would authorise the compulsory acquisition of land or interests in land. This gives rise to the requirement under Regulation 5(2)(h) of the APFP 2009 for the Applicant to provide a statement indicating how the DCO containing these powers is proposed to be funded.

1.3.3 This Statement is one of a number of documents accompanying the Application and submitted to the Secretary of State, and should be read in conjunction with those documents. They include principally the **Statement of Reasons [EN010106/APP/4.1]**.

2 Funding

2.1 Corporate structure

2.1.1 Sunnica Limited (company number 08826077) ("**Sunnica**") is the Applicant for the Application. Sunnica is registered in England and Wales.

2.1.2 Sunnica is funded by Solaer Holding S.L. (NIF B86831948) ("**Solaer Holding**"). Solaer Holding S.L is a company registered in Spain. Further information on how Solaer Holding funds Sunnica is included in section 2.3.

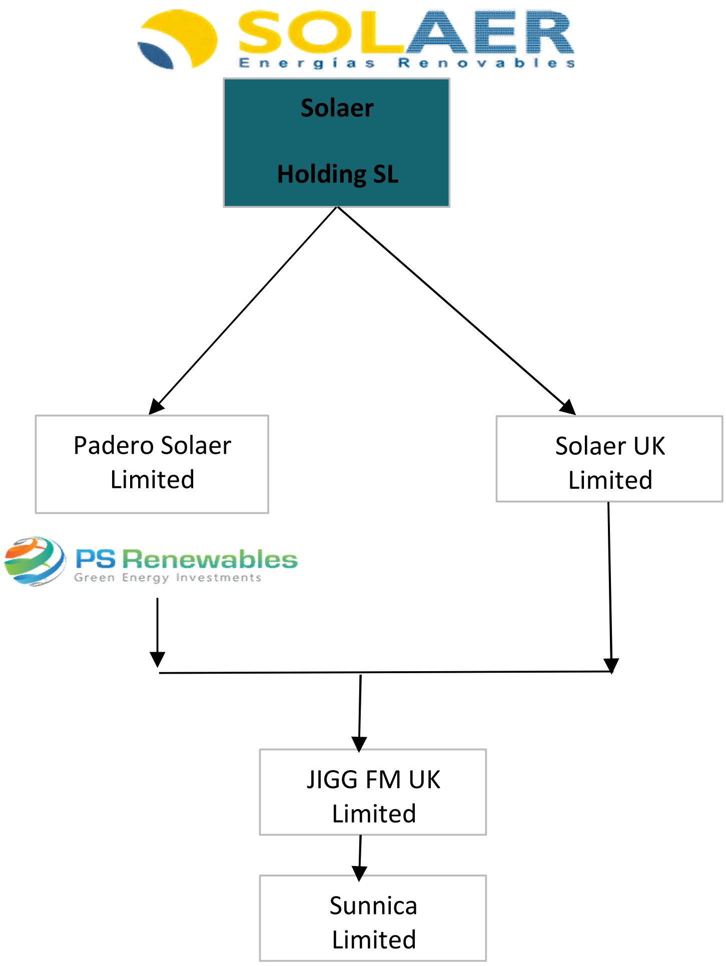
2.1.3 The majority shareholder of Sunnica is Jigg FM UK Ltd, a company registered in England and Wales under company number 11494026. The ownership of Jigg FM UK Limited is as follows:

2.1.3.1 60% is owned by Padero Solaer Limited ("**Padero**"), a company registered in England and Wales under company number 08021337. The trading name of Padero is PS Renewables; and

2.1.3.2 40% is owned by Solaer UK Limited ("**Solaer**"), a company registered in England in Wales under company number 08581872.

2.1.4 Jigg FM UK Ltd, Padero and Solaer are all group companies of Solaer Holding.

2.1.5 The above ownership structure is shown in the Organogram below:-



2.2 Sunnica Energy Farm costs

2.2.1 The current cost estimate for Sunnica Energy Farm is approximately £600 million. This estimate covers all aspects of the Scheme and has been arrived at by including construction costs, preparation costs, supervision costs, land acquisition costs (including compensation payable in respect of any compulsory acquisition), equipment purchase, installation, commissioning and power export. The estimate also includes an allowance for inflation and project contingencies.

2.3 Sunnica Energy Farm funding

2.3.1 Sunnica is funded by Solaer Holding. Funding is provided from Solaer Holding to Jigg FM UK Limited who then transfers the funding to Sunnica Limited.

2.3.2 Solaer Holding currently has assets of over €100 million which is shown in its most recent consolidated accounts which are included at Appendix A. The consolidated accounts have been translated from Spanish and are audited by Deloitte.

2.3.3 Solaer Holding is committed to the delivery of the Scheme and to date has already invested approximately £7 million of its own capital in land acquisition costs and costs associated with preparing the Application. It has also invested significant amounts of senior management time. It will also be funding the significant costs in taking the Application through the examination. As can be seen from its consolidated funds, Solaer Holding will be able to fund these costs from its own resources.

2.3.4 If the Secretary of State grants development consent for the Scheme then, as is common in privately funded infrastructure projects, Solaer Holding would seek further funding with the support of its legal and financial advisors. Solaer Holding would consult with a variety of financial institutions and investors to enable the construction, operation and maintenance of the Scheme. A final decision has not yet been taken on the type of finance that will be used, but this approach is tried and tested in the market and Solaer Holding has no concerns that it would be unable to obtain finance for the Scheme's construction, operation and maintenance.

2.3.5 Solaer Holding would construct, operate and maintain the Scheme under a turnkey full EPC contract for the external investors. Solaer Holding would also provide the appropriate guarantees to the external investors and would retain control of the construction, operation and maintenance stages of the Scheme's lifecycle and would be involved in the long term.

2.3.6 The description of funding provided above is very common place in the market and indeed Solaer Holding has significant experience in delivering multiple projects across the globe using this structure. It has been active in the solar market since 2004 and has developed more than 200 different projects totalling more than 1.5 GW of photovoltaic capacity. Included at Appendix B are details of some of the projects that Solaer Holding has already successfully brought forward through finance. It shows a very significant amount of experience in the solar market across the globe, working with high-profile investors.

2.4 Land acquisition and blight

2.4.1 The delivery of the Scheme requires the acquisition of land or rights (including the creation of rights and the imposition of restrictions) in, under, over land, and the temporary possession of land.

2.4.2 As set out in the **Statement of Reasons [EN010106/APP/4.1]**, the Applicant has already secured a number of voluntary agreements over the Order Land. However, compulsory acquisition powers are required to ensure that the Scheme can proceed without impediment.

2.4.3 The current estimate of the Scheme is £600 million. This includes an amount to cover the compensation payable in respect of any compulsory acquisition included in the DCO and required for the Scheme.

2.4.4 Should any claims for blight arise because of the Application, the Applicant, through Solaer Holding, has sufficient funds to meet the cost of acquiring these interests at whatever stage they are served. However, the Applicant has not identified any interests which it considers could be eligible to serve a blight notice.

2.4.5 The draft DCO also includes an Article preventing the exercise of the compulsory acquisition powers until the Secretary of State has approved a form of security from the Applicant.

Appendices

Appendix A Consolidated accounts of Solaer Holding

Solaer Holding, S.L. and Subsidiaries

Auditor´s Report

Consolidated Financial Statements and Consolidated Directors´ Report for the year ended 31 December 2020

Deloitte.

Deloitte, S.L.
Ercilla, 24
48011 Bilbao
España

Tel: +34 944 44 70 00
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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 3 and 21).

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Solaer Holding, S.L.,

Opinion

We have audited the consolidated financial statements of Solaer Holding, S.L. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2020, and its consolidated results and its consolidated cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Group (identified in Note 3.1 to the consolidated financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

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

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

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

Most Significant Audit Matters

The most significant audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those risks.

Recognition of revenue by reference to the stage of completion

Description

The Group engages mainly in the development, construction and erection of solar PV farms, together with the provision of maintenance services and, in relation to construction contracts, it generally recognises the revenue and profit or loss from each contract by reference to the estimated stage of completion thereof, obtained on the basis of the cost incurred in the contract as a percentage of the total budgeted cost.

Determination of the stage of completion involves a high degree of complexity and estimation by management in relation to, inter alia, the estimation of the total costs to be incurred in each contract and the measurement of the work completed in the period.

The revenue from construction contracts in 2020 amounted to EUR 63,831 thousand and the amount to be billed for work performed totalled EUR 16,611 thousand at the end of the reporting period (see Note 12).

Accordingly, the situation described was considered to be one of the most significant matters in our audit.

Procedures applied in the audit

Our audit procedures included, among others, a combination of substantive tests such as: a) a detailed and case-by-case analysis of a selection of the main projects, based on quantitative and qualitative factors, in order to evaluate the reasonableness of the assumptions and hypotheses used by the Parent in relation the estimation of the costs for each project, for which purpose we held meetings with personnel of the Parent, evaluated the consistency of the estimates made by the Parent with the available historical information and performed a benchmarking analysis of the costs associated with the projects, analysing the cost variances and the reasonableness thereof based on the particular characteristics of the projects, and evaluated the offers from third parties that supported the consistency of the committed costs; b) a physical inspection for a project selected on the basis of qualitative and quantitative factors; c) tests of details aimed at evaluating the economic substance of the transactions with third parties through sampling tests, applying quantitative and qualitative selection criteria that take into consideration the percentage of completion of the project, on the existence of delivery notes, progress billing documents or any other supporting documentation associated with the allocation of costs to the projects, as well as on the engineering hours charged by employees and the reasonableness of the hourly costs applied; and d) an analysis to verify whether the recognition of revenue from the amounts to be billed by the Group for projects in progress was appropriate in view of the stage of completion of the projects, having analysed the reasonableness of the recognition of the most significant positions and of subsequent changes therein.

Lastly, we evaluated the adequacy of the disclosures provided in the consolidated financial statements (see Notes 5.12, 12 and 16.1).

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2020, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report, in accordance with the applicable audit regulations, consists of evaluating and reporting on whether the consolidated directors' report is consistent with the consolidated financial statements, based on our knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described in the preceding paragraph, the information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2020 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Parent's Directors for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description, which is on pages 5 and 6, forms part of our auditor's report.

DELOITTE, S.L.
Registered in ROAC under no. S0692

[redacted]

Pablo Mugica
Registered in ROAC under no. 18694

15 July 2021

Appendix I to our auditor's report

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

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

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

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

We communicate with the Parent's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the Parent's directors, we determine those risks that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

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

Solaer Holding, S.L. and Subsidiaries

Consolidated Financial Statements
and Consolidated Directors' Report for
the year ended 31 December 2020

[redacted]

[redacted]

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 3 and 21). In the event of a discrepancy, the Spanish-language version prevails.

SOLAER HOLDING, S.L. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2020 AND 2019

(Thousands of Euros)

ASSETS	Notes	2020	2019 (*)
NON-CURRENT ASSETS:		14.828	13.299
Goodwill on consolidation	Note 5.2	568	847
Intangible assets-		122	7
Computer software		122	7
Property, plant and equipment-		160	263
Plant and other items of property, plant and equipment		160	263
Investment property-		3.457	2.858
Land and buildings	Note 7	3.457	2.858
Investments in associates-		6.310	5.910
Equity instruments		78	12
Investments accounted for using the equity method	Note 9	1.407	1.049
Long-term loans to associates	Note 17.2	4.825	4.849
Non-current financial assets-	Note 10.1	4.072	3.195
Equity instruments		25	14
Loans		144	687
Other financial assets		3.903	2.494
Deferred tax assets	Note 15.4	139	219
CURRENT ASSETS:		85.272	56.033
Inventories-	Note 11	20.275	10.682
Materials		435	784
Work in progress		18.163	9.468
Advances to suppliers		1.677	430
Trade and other receivables-	Note 12	36.087	23.082
Trade receivables for sales and services		31.410	18.746
Trade receivables from associates and related companies	Note 17.2	1.520	1.219
Other accounts receivable from public authorities	Note 15.1	3.157	3.117
Loans to associates and related companies	Note 17.2	4.586	4.296
Current financial assets-	Note 10.2	3.387	2.428
Other financial assets		3.387	2.428
Current prepayments and accrued income		179	522
Cash and cash equivalents		20.758	15.023
TOTAL ASSETS		100.100	69.332

EQUITY AND LIABILITIES	Notes	2020	2019 (*)
EQUITY:		28.573	36.165
SHAREHOLDERS' EQUITY	Note 13		
Share capital		18.054	18.054
Share premium		2.325	2.325
Reserves-		3.160	2.673
Restricted reserves		3.160	3.130
Unrestricted reserves		-	(457)
Shareholder contributions		2.034	2.034
Consolidation reserves		13.341	2.384
Reserves of fully consolidated companies		(3.359)	2.109
Reserves of companies accounted for using the equity method		350	611
Interim dividend	Note 4	(13.500)	(2.000)
Profit for the year attributable to the Parent-		5.896	7.540
Consolidated profit for the year		5.844	7.557
Profit (Loss) attributable to non-controlling interests		52	(17)
VALUATION ADJUSTMENTS		(144)	(76)
Translation differences		(144)	(76)
Grants related to assets		1	1
Non-controlling interests		415	510
NON-CURRENT LIABILITIES:		17.593	387
Non-current payables-	Note 14	17.511	317
Bank borrowings		12.269	230
Other financial liabilities		5.242	87
Non-current payables to associates and related companies	Note 17.2	82	70
CURRENT LIABILITIES:		53.934	32.780
Short-term provisions		138	138
Current payables-	Note 14	7.597	14.842
Bank borrowings		5.938	9.140
Other financial liabilities		1.659	5.702
Current payables to associates and related companies	Note 17.2	14.258	2.186
Trade and other payables-		31.941	15.614
Payable to suppliers		27.613	12.239
Payable to suppliers - associates and related parties	Note 17.2	50	250
Trade payables		2.260	351
Remuneration payable		123	80
Current tax liabilities	Note 15.2	2	510
Other accounts payable to public authorities	Note 15.1	677	824
Customer advances	Note 12	1.216	1.360
TOTAL EQUITY AND LIABILITIES		100.100	69.332

(*) Presented for comparison purposes only (see Note 3.5).

The accompanying Notes 1 to 21 and Appendices 1 to 4 are an integral part of the consolidated balance sheet as at 31 December 2020.

[redacted]

[redacted]

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 3 and 21). In the event of a discrepancy, the Spanish-language version prevails.

SOLAER HOLDING, S.L. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Thousands of Euros)

	Notes	2020	2019 (*)
CASH FLOWS FROM OPERATING ACTIVITIES		**(6.180)**	**(4.948)**
Consolidated profit before tax from continuing operations		**8.201**	**9.738**
Adjustments for-		**(1.035)**	**(953)**
Depreciation and amortisation charge		155	188
Impairment losses and changes in provisions		-	52
Impairment and gains or losses on disposals of non-current assets		4	(79)
Gains or losses on the loss of control of consolidated equity interests	**Note 2.3**	(961)	(1.592)
Finance income		(595)	(199)
Finance costs		495	418
Changes in fair value of financial instruments		6	8
Exchange differences		(376)	48
Impairment and gains or losses on disposals of financial instruments		-	12
Share of profit (loss) of companies accounted for using the equity method, net of dividends	**Note 9**	237	309
Impairment and gains/(losses) on loss of control over investments accounted for using the equity method		-	(85)
Other income and expenses		-	(33)
Changes in working capital-		**(11.348)**	**(10.966)**
Inventories		(12.670)	(10.840)
Trade and other receivables		(16.840)	(9.448)
Trade and other payables		17.819	9.925
Other changes in working capital		343	(603)
Other cash flows from operating activities-		**(1.998)**	**(2.767)**
Interest paid		(495)	(418)
Interest received		595	199
Income tax paid	**Note 15.2**	(2.098)	(2.548)
CASH FLOWS FROM INVESTING ACTIVITIES		**(3.027)**	**73**
Payments due to investment-		**(12.222)**	**(6.618)**
Property, plant and equipment		(133)	(69)
Intangible assets		(122)	(6)
Investment property	**Note 7**	(628)	-
Equity instruments		(352)	(134)
Group companies, net of cash at consolidated companies	**Notes 2.3 & 6**	(7.051)	(1.368)
Loans to companies and other financial assets		(3.936)	(5.041)
Proceeds from disposal-		**9.195**	**6.691**
Property, plant and equipment		193	22
Intangible assets		-	4
Investment property		-	23
Group companies, net of cash at consolidated companies		7.401	3.714
Receivable from companies and other financial assets		1.601	2.928
CASH FLOWS FROM FINANCING ACTIVITIES		**14.566**	**12.622**
Proceeds and payments relating to financial liability instruments-		**14.566**	**14.622**
Proceeds from issue and repayment of bank borrowings	**Note 14**	8.837	(977)
Proceeds from issue and repayment of other borrowings (net)		3.747	13.079
Net issue (repayment) of borrowings to (from) Group companies and associates (net)		1.982	2.520
Dividends and returns on other equity instruments paid-		-	**(2.000)**
Dividends	**Note 4**	-	(2.000)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**376**	**(48)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**5.735**	**7.699**
Cash and cash equivalents at beginning of year		15.023	7.324
Cash and cash equivalents at end of year		20.758	15.023

[redacted]

(*) Presented for comparison purposes only (see Note 3.5).

The accompanying Notes 1 to 21 and Appendices 1 to 4 are an integral part of the consolidated statement of cash flows for 2020.

[redacted]

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 3 and 21). In the event of a discrepancy, the Spanish-language version prevails.

SOLAER HOLDING, S.L. AND SUBSIDIARIES

B) CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY
(Thousands of Euros)

	Share Capital	Share Premium	Reserves	Shareholder Contributions	Consolidation Reserves	Reserves of Fully Consolidated Companies	Reserves of Companies Accounted for Using the Equity Method	Interim Dividend	Profit for the Year Attributable to the Parent	Valuation Adjustments	Grants, Donations and Legacies Received	Non-Controlling Interests	Total
BALANCE AT 1 JANUARY 2019 (*)	**18.054**	**2.325**	**2.766**	**2.034**	**3.203**	**18.221**	**1.857**	**(22.225)**	**4.848**	**(161)**	**1**	**(177)**	**30.746**
Total recognised income and expense	-	-	-	-	-	-	-	-	7.540	85	-	17	7.642
Transactions with shareholders or owners:													
Interim dividends paid (Note 4)	-	-	-	-	-	-	-	(2.000)	-	-	-	-	(2.000)
Other changes in equity	-	-	(93)	-	(819)	(16.112)	(1.246)	22.225	(4.848)	-	-	670	(223)
BALANCE AT 31 DECEMBER 2019 (*)	**18.054**	**2.325**	**2.673**	**2.034**	**2.384**	**2.109**	**611**	**(2.000)**	**7.540**	**(76)**	**1**	**510**	**36.165**
Total recognised income and expense	-	-	-	-	-	-	-	-	5.896	(68)	-	(52)	5.776
Transactions with shareholders or owners:													
Interim dividends paid (Note 4)	-	-	-	-	-	-	-	(13.500)	-	-	-	-	(13.500)
Other changes in equity	-	-	487	-	10.957	(5.468)	(261)	2.000	(7.540)	-	-	(43)	132
2020 ENDING BALANCE	**18.054**	**2.325**	**3.160**	**2.034**	**13.341**	**(3.359)**	**350**	**(13.500)**	**5.896**	**(144)**	**1**	**415**	**28.573**

(*) Presented for comparison purposes only (see Note 3.5).

The accompanying Notes 1 to 21 and Appendices 1 to 4 are an integral part of the consolidated statement of changes in total equity for 2020.

[redacted]

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 3 and 21). In the event of a discrepancy, the Spanish-language version prevails.

SOLAER HOLDING, S.L. AND SUBSIDIARIES

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

A) CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Thousands of Euros)

	2020	2019 (*)
CONSOLIDATED PROFIT/LOSS FOR THE YEAR	**5.844**	**7.557**
Income and expense recognised directly in equity:		
Arising from revaluation of financial instruments	-	-
Grants, donations and legacies received	-	-
Translation differences (Note 13.6)	(68)	85
Tax effect	-	-
OTHER INCOME AND EXPENSES RECOGNISED DIRECTLY IN CONSOLIDATED EQUITY	**(68)**	**85**
Transfers to consolidated profit or loss:		
Grants, donations and legacies received	-	-
Tax effect	-	-
TOTAL TRANSFERS TO CONSOLIDATED PROFIT OR LOSS	**-**	**-**
TOTAL RECOGNISED INCOME AND EXPENSE	**5.776**	**7.642**
Total income and expense attributable to the Parent	**5.828**	**7.625**
Total income and expense attributable to non-controlling interests	**(52)**	**17**

(*) Presented for comparison purposes only (see Note 3.5).

[redacted]

The accompanying Notes 1 to 21 and Appendices 1 to 4 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2020.

[redacted]

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 3 and 21). In the event of a discrepancy, the Spanish-language version prevails.

SOLAER HOLDING, S.L. AND SUBSIDIARIES

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

(Thousands of Euros)

	Notes	2020	2019 (*)
CONTINUING OPERATIONS:			
Revenue-	**Note 16.1**	**70.073**	**63.869**
Sales		63.831	60.446
Services		6.242	3.423
Changes in inventories of finished goods and work in progress	**Note 11**	**8.695**	**11.011**
Procurements-	**Note 16.2**	**(56.034)**	**(52.714)**
Cost of raw materials and other consumables used		(46.008)	(45.229)
Work performed by other companies		(10.026)	(7.485)
Other operating income-		**417**	**85**
Non-core and other current operating income		417	85
Staff costs-	**Note 16.4**	**(4.136)**	**(3.956)**
Wages, salaries and similar expenses		(3.090)	(3.025)
Employee benefit costs		(1.046)	(931)
Other operating expenses-		**(11.827)**	**(10.227)**
Outside services	Note 16.5	(11.280)	(9.315)
Taxes other than income tax		(547)	(774)
Losses on and write-down of trade receivables and changes in provisions for commercial transactions		-	(138)
Depreciation and amortisation charge		**(155)**	**(188)**
Excessive provisions		**-**	**86**
Impairment and gains or losses on disposals of non-current assets-		**(4)**	**79**
Impairment and other losses		(4)	79
Other income and expenses		**(28)**	**612**
Non-recurring income		-	612
Non-recurring expenses		(28)	-
Gains or losses on the loss of control of consolidated equity interests	**Note 2.3**	**961**	**1.592**
PROFIT FROM OPERATIONS		**7.962**	**10.249**
Finance income		**595**	**199**
From marketable securities and other financial instruments		595	199
Finance costs		**(495)**	**(418)**
On debts to third parties		(495)	(418)
Changes in fair value of financial instruments		**(6)**	**(8)**
Held-for-trading financial assets/liabilities and other		(6)	(8)
Exchange differences		**376**	**(48)**
Impairment and gains or losses on disposals of financial instruments		**6**	**(12)**
Impairment and other losses		-	(9)
Gains or losses on disposals and other		6	(3)
FINANCIAL PROFIT (LOSS)		**476**	**(287)**
Share of loss of companies accounted for using the equity method	**Note 9**	**(237)**	**(309)**
Impairment and gains or losses on loss of significant influence over investments accounted for using the equity method		**-**	**85**
PROFIT BEFORE TAX		**8.201**	**9.738**
Income tax	**Note 15.3**	(2.357)	(2.181)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**5.844**	**7.557**
Profit/Loss for the year from discontinued operations net of tax		-	-
CONSOLIDATED PROFIT FOR THE YEAR	**Note 13.3**	**5.844**	**7.557**
Profit attributable to the Parent		5.896	7.540
Profit (Loss) attributable to non-controlling interests		(52)	17

(*) Presented for comparison purposes only (see Note 3.5).

The accompanying Notes 1 to 21 and Appendices 1 to 4 are an integral part of the consolidated statement of profit or loss for the year ended 31 December 2020.

[redacted]

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 3 and 21). In the event of a discrepancy, the Spanish-language version prevails.

Solaer Holding, S.L. and Subsidiaries

Notes to the consolidated Financial Statements
for the year ended 31 December 2020

1. General information on the Group

Solaer Holding, S.L. and Subsidiaries ("the Solaer Group" or "the Group") make up a consolidated group of companies operating basically in the renewable energy industry.

The Parent of the Group is Solaer Holding, S.L., a public limited liability company incorporated in Spain for an indefinite period of time on 3 October 2013 in accordance with the Spanish Limited Liability Companies Law. The Parent's object, per its bylaws, consists mainly of the incorporation and direct or indirect involvement in the management and control of other entities or companies; and the purchase, subscription, holding, exchange and sale of domestic and foreign marketable securities, shares and ownership interests, for its own account and without brokerage, in commercial, business and real estate transactions.

The Group's activities currently focus on the development, design and construction of solar PV farms; and the environmental quality management, development, operation, upkeep and maintenance of solar farms.

The Parent has its registered office at calle Sanchidrian, 29 – 28224 Pozuelo de Alarcón, Madrid and files its consolidated and separate financial statements at the Madrid Mercantile Registry.

The Group's functional currency is the euro. Since it is obligatory to present financial statements in euros, the effect of translation of the functional currency has to be recognised. The Spanish National Chart of Accounts states that translation differences must be recognised directly in equity. Transactions in currencies other than the functional currency are accounted for as indicated in Note 5.10.

Impact of covid-19 on the Group's activities

The Group is constantly monitoring the evolution of the situation, following the guidelines set by the WHO (World Health Organization) and implementing the recommendations and instructions issued by the institutions. In this connection, the Group has continued to carry on its activities with a focus on protecting employee health, and its revenue and profit from operations have exceeded the figures for the previous year.

The Parent's directors and senior executives consider that there has been no impact on the measurement of assets and liabilities, and no impact associated with liquidity, operational or going concern-related risks. They are also constantly monitoring the evolution of the situation in order to successfully address any possible impacts, both financial and non-financial, that may arise.

Environmental impact

The Group does not have any environmental liability, expenses, assets, provisions or contingencies, in particular in relation to greenhouse gas emissions, that might be material with respect to its equity, financial position or results. Therefore, no disclosures relating to environmental issues are included in these notes to the consolidated financial statements.

[redacted]

2. Subsidiaries, associates and jointly controlled entities

2.1 Subsidiaries

The subsidiaries, which are the companies over which the Group exercises or can exercise, directly or indirectly, control, which is taken to be the power to govern the financial and operating policies of the subsidiary so as to obtain economic benefits from its activities, were fully consolidated. Control is, in general but not exclusively, presumed to exist when the Parent owns directly or indirectly half or more of the voting power of the investee.

The share of non-controlling interests in the equity and results of the consolidated subsidiaries is presented under "Equity - Non-Controlling Interests" and "Profit/Loss Attributable to Non-Controlling Interests" in the consolidated balance sheets and the consolidated statements of profit or loss, respectively.

None of the subsidiaries are listed.

The consolidated subsidiaries are listed in Appendix 1.

Reporting period

Not all Group companies have the same reporting period. In this connection, in accordance with Article 16 of the Rules for the Preparation of Consolidated Financial Statements, the date and reporting period of the consolidated financial statements are the same as those for the financial statements of the company required to prepare consolidated financial statements; consequently, the Group's reporting period runs from 1 January 2020 to 31 December 2020, and the accounting closes have therefore been unified.

2.2 Associates and jointly controlled entities

Associates are accounted for using the equity method. Associates are companies over whose management significant influence is exercised, which is understood to be the power to influence the investee's financial and operating policy decisions, but not control or joint control. Significant influence is presumed to exist over companies in which the percentage of ownership is 20% or more.

Also, jointly controlled entities are accounted for using the equity method. Jointly controlled entities are companies the management of which is controlled in conjunction with another shareholder. Such management control is understood to be the power to influence the investee's financial and operating policy decisions, but not control or joint control.

The equity method consists of including under "Non-Current Investments in Group Companies and Associates - Investments Accounted for Using the Equity Method" in the consolidated balance sheet the value of the net assets and any goodwill relating to the percentage of ownership of the associate. The net profit or loss for each year corresponding to the percentage of ownership of these companies is reflected under "Share of Profit (Loss) of Companies Accounted for Using the Equity Method" in the consolidated statement of profit or loss. Any excess value of the net assets and/or the implicit goodwill (if any) is reduced in subsequent years with a charge to profit or loss as the corresponding asset items are depreciated, become impaired or are derecognised or disposed of to third parties.

None of the associates are listed.

The consolidated jointly controlled entities and associates are listed in Appendix 2.

Reporting period

Not all the associates have the same reporting period. In this connection, in accordance with Article 16 of the Rules for the Preparation of Consolidated Financial Statements, the date and reporting period of the consolidated financial statements are the same as those for the financial statements of the company required to prepare consolidated financial statements; consequently, the Group's reporting period runs from 1 January 2020 to 31 December 2020.

2.3 Changes in the scope of consolidation

Inclusions in the scope of consolidation

On 9 January 2020, the Parent incorporated Fotovoltaica Liberia, S.L., Fotovoltaica Girasol, S.L., Fotovoltaica El Glaciar, S.L. and Fotovoltaica El Barranco, S.L. At 31 December 2020, the Parent had paid a total of EUR 12 thousand, i.e., EUR 3 thousand per company, for all the share capital, and those companies were included in the scope of consolidation on the aforementioned date. Subsequently, on 12 May 2020, the Parent reached agreements to sell 47% of those ownership interests for a total amount of EUR 6 thousand.

[redacted]

On 3 February 2020, the Group company Solaer España Energías Renovables, S.L.U. acquired all the shares of Cartuja Solar, S.L.U. for EUR 4,381 thousand, and the latter was included in the scope of consolidation on that date. That ownership interest was subsequently sold on 1 December 2020.

On 5 February 2020, the Group company Solaer España Energías Renovables, S.L.U. acquired all the shares of Albisparks, S.A. for EUR 50 thousand, and the latter was included in the scope of consolidation on that date. That ownership interest was subsequently sold for EUR 50 thousand on 7 August 2020.

On 10 June 2020, the Parent incorporated Minerva Fotovoltaica, S.L., Mercurio Fotovoltaica, S.L., Artemisa Fotovoltaica, S.L. and Heracles Fotovoltaica, S.L. At 31 December 2020, the Parent had paid a total of EUR 12 thousand, i.e., EUR 3 thousand per company, for all the share capital, and those companies were included in the scope of consolidation on the aforementioned date.

[redacted]

On 13 July 2020, the subsidiary Bosques Solares, S.L. reached an agreement to acquire all the share capital of Bosques Solares los Llanos 4, S.A.S. and Bosques Solares los Llanos 5, S.A.S. for EUR 230.

The subsidiaries Solaer Clean Energy Italy 10, S.r.l., Solaer Clean Energy Italy 11, S.r.l., Solaer Clean Energy Italy 13, S.r.l. and Solaer Clean Energy Italy 14, S.r.l. were incorporated and included in the scope of consolidation on 29 July 2020. All the share capital was subscribed by the Group company Bosques Solares, S.L.U.

On 27 October, 11 November and 7 October 2020, the Group company Solaer España Energías Renovables, S.L.U. acquired a 27.39% stake in La Gira del Barrio, A.I.E., a 75% stake in Siente la Música, A.I.E. and an 84.27% stake in Leeman Productions, A.I.E., for EUR 100 thousand, EUR 250 thousand and EUR 200 thousand, respectively. Half of these amounts had been paid at 31 December 2020 and these companies were included in the scope of consolidation on the aforementioned dates.

On 14 December 2020, the Parent reached an agreement to purchase all the share capital of Alsemur Renovables, S.L. for a total price of EUR 6,231 thousand, of which EUR 1,100 thousand had been paid at 31 December 2020. This company was included in the scope of consolidation on the date of the agreement.

On 21 December 2020, the Parent reached an agreement to purchase all of the share capital of Solaer Clean Energy 3, S.L. for a total price of EUR 337 thousand, which had been paid in full at 31 December 2020. This company was included in the scope of consolidation on the date of the agreement.

[redacted]

On 23 December 2020, the Group company Solaer España Energías Renovables, S.L.U. acquired all the shares of PV Investments Sudinv, S.L. for EUR 186 thousand, and the latter was included in the scope of consolidation on that date. This transaction includes a purchase option on the solar PV plants in which the company has an ownership interest, which is subject to a series of conditions concerning the development of those plants.

On 30 December 2020, the Group company Solaer España Energías Renovables, S.L.U. acquired all the shares of Proyectos y Desarrollos Solares del Levante, S.L. for EUR 1,265 thousand, and the latter was included in the scope of consolidation on that date.

On 14 August 2020, the Group company Bosques Solares, S.L.U. acquired all the shares of Bosques Solares de Bolívar 500, S.A.S, Bosques Solares de Bolívar 501, S.A.S., Bosques Solares de Bolívar 502, S.A.S., Bosques Solares de Bolívar 503, S.A.S. and Bosques Solares de Bolívar 504, S.A.S., which were included in the scope of consolidation on the aforementioned date.

With respect to the results for the year contributed by these companies to the consolidated financial statements, pursuant to Article 16.4 of the Rules for the Preparation of Consolidated Financial Statements, only the results generated by those companies from the date of inclusion in the scope of consolidation were taken into account. Further information on these business combinations is provided in Note 6 to these consolidated financial statements.

Exclusions from the scope of consolidation of fully consolidated companies

In 2020 the Parent and the Group companies Solaer España Energías Renovables, S.L.U. and Bosques Solares, S.L.U. sold certain percentages (as indicated below) of the ownership interests that they held in the following companies:

	Thousands of Euros		
	Loss up to sale, by nature	Gains on the loss of control of consolidated equity interests	Total
Solaer PV Energy, S.L. (100%) (3)	(123)	124	1
FV Escalona Green, S.L. (100%) (3)	-	-	-
FV Escalona Gold, S.L. (100%) (3)	(1)	-	(1)
FV Escalona Energy, S.L. (100%) (3)	-	-	-
FV Arcicollar Green, S.L. (100%) (3)	(1)	-	(1)
Rencoba Energías Alternativas, S.L. (93.64%) (2)	(42)	79	37
Cartuja Solar, S.L. (100%) (2)	(333)	333	-
Albisparks, S.L. (100%) (2)	-	-	-
Gestión de Proyectos Solares, S.L. (100%) (2)	(14)	36	22
Solaer Clean Energy 2, S.r.l. (100%) (1)	(345)	370	25
Bosques Solares los Llanos 4, S.A.S (75%) (1)	-	155	155
Bosques Solares los Llanos 5, S.A.S (75%) (1)	-	119	119
Total	**(859)**	**1,216**	**357**

(1) Direct ownership interest through Bosques Solares, S.L.U.
(2) Direct ownership interest through Solaer España Energías Renovables, S.L.U.
(3) Direct ownership interest through the Parent.

As a result of these transactions, the Group recognised the results, amounting to a loss of EUR 859 thousand, generated until the companies' exclusion from the scope of consolidation on the basis of their nature in the accompanying consolidated statement of profit or loss for the year.

Also, the price of these disposals amounted to EUR 3,810 thousand, and the gain on the loss of control of the consolidated equity interests amounted to EUR 1,216 thousand, recognised under "Gains or Losses on the Loss of Control of Consolidated Investees" in the accompanying consolidated statement of profit or loss for the year.

Additionally, on 22 December 2020, the associate TGC Solar Carditch Drove Limited was dissolved and excluded from the scope of consolidation, which gave rise to a loss of EUR 255 thousand on the loss of control.

2.4 *Non-consolidated companies*

Not all the subsidiaries, jointly controlled entities or associates were in the scope of consolidation on account of their immaterial nature as vehicles for the development of solar PV farms that were not in operation at the reporting date. The subsidiaries, jointly controlled entities and associates excluded from the scope of consolidation are listed in Appendix 3.

3. Basis of presentation of the consolidated financial statements

3.1 *Regulatory financial reporting framework applicable to the Group*

These consolidated financial statements were formally prepared by the Parent's directors in accordance with the regulatory financial reporting framework applicable to the Group, which consists of:

a. The Spanish Commercial Code and all other Spanish corporate law.

b. The Rules for the Preparation of Consolidated Financial Statements approved by Royal Decree 1159/2010 and the Spanish National Chart of Accounts approved by Royal Decree 1514/2007, as amended by Royal Decree 602/2016, and its industry adaptations.

[redacted]

c. The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.

d. All other applicable Spanish accounting legislation.

3.2 Fair presentation

The accompanying consolidated financial statements, which were obtained from the accounting records of the Parent and of its investees, are presented in accordance with the regulatory financial reporting framework applicable to the Group and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Group's equity, financial position, results and cash flows for 2020. These consolidated financial statements, which were formally prepared by the Parent's Board of Directors, and the financial statements of the investees, will be submitted for approval at the respective Annual General Meetings, and it is considered that they will be approved without any changes. The consolidated financial statements for 2019 were approved at the Annual General Meeting of the Parent held on 30 November 2020.

In preparing these consolidated financial statements the Parent omitted any information or disclosures which, not requiring disclosure due to their qualitative importance, were considered not to be material.

The figures contained in the documents composing the accompanying consolidated financial statements are expressed in thousands of euros, unless indicated otherwise, and, therefore, may be rounded off. The Group's functional currency is the euro.

3.3 Accounting principles applied

The Parent's directors formally prepared these consolidated financial statements taking into account all the obligatory accounting principles and standards with a significant effect hereon. All obligatory accounting principles were applied.

[redacted]

3.4 Key issues in relation to the measurement and estimation of uncertainty

The information in these consolidated financial statements is the responsibility of the Parent's directors.

In preparing the accompanying consolidated financial statements, estimates were made based on historical experience and on other factors considered to be reasonable in view of the current circumstances; these estimates formed the basis for establishing the carrying amounts of certain assets, liabilities, income, expenses and obligations, the value of which is not readily determinable using other sources. The Group reviews its estimates on an ongoing basis. These estimates relate basically to the following:

[redacted]

- The useful life of intangible assets and property, plant and equipment (see Notes 5.2, 5.3, 5.4 and 5.5).
- The assessment of possible impairment losses on certain assets (see Notes 5.2, 5.3, 5.4, 5.5, 5.7 and 5.9).
- The estimate of the recoverable amount (being the lower of fair value and value in use) of certain financial instruments (see Note 5.7).
- The calculation of the percentage of completion for the recognition of revenue based on the estimated costs of the corresponding projects and their contract modifications (see Note 5.12).
- The calculation of provisions (see Note 5.13).
- The assessment of the likelihood of future taxable profits being available, against which to charge the tax assets recognised and other deferred tax assets (see Note 5.11).

[redacted]

Although these estimates were made on the basis of the best information available at 2020 year-end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

The Parent's directors consider that the Group did not have any material contingent liabilities at 31 December 2020.

3.5 *Comparative information*

The accounting policies were applied on a consistent basis in 2020 and 2019 and, therefore, there are no transactions recognised using different accounting policies that might give rise to discrepancies in the interpretation of the comparative figures in the two years.

3.6 *Grouping of items*

[redacted]

Certain items in the balance sheet, statement of profit or loss, statement of changes in equity and statement of cash flows are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the consolidated financial statements.

3.7 *Changes in accounting policies*

In 2020 there were no significant changes in accounting policies with respect to those applied in 2019.

3.8 *Correction of errors*

[redacted]

In preparing the accompanying consolidated financial statements no significant errors were detected that would have made it necessary to restate the amounts included in the consolidated financial statements for 2019.

4. Distribution of profit of the Parent

The proposed distribution of the profit for the year that the Parent's directors will submit for approval by the shareholders at the Annual General Meeting is as follows:

Distributable profit:

	Thousands of Euros
Profit for the year	13,363

Distribution of profit:

	Thousands of Euros
Legal reserve	451
Interim dividend	13,500
Voluntary reserves	(588)
	13,363

[redacted]

The amount earmarked for dividends of the Parent was already paid in 2020 as a result of the approval of an interim dividend totalling EUR 13,500 thousand, recognised under "Equity - Interim Dividend" in the consolidated balance sheet.

In accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 5 March 2019, since the profit is insufficient for the purpose of carrying out the proposed distribution of the interim dividend at the reporting date, the directors will propose the reclassification of the excess to reserves.

The provisional accounting statement prepared by the Parent's directors in accordance with legal requirements evidencing the existence of sufficient liquidity for the distribution of the dividends is as follows:

	Thousands of Euros
	One-year liquidity statement prepared as at 1 December 2020
Cash available at 1 December 2020	**1,115**
Plus - projected cash increases	**13,438**
Proceeds/payments relating to operating and other activities	13,438
Less – projected cash reductions	**(14,000)**
Payments relating to operating and other activities	(500)
Interim dividend paid	(13,500)
Cash available at 31 December 2021	**553**

[redacted]

5. Accounting policies

As indicated in Note 3, the Group applied accounting policies in accordance with the accounting principles and rules provided for in the Spanish Commercial Code, implemented in the Spanish National Chart of Accounts currently in force (approved in 2007), and all other Spanish corporate law in force at the reporting date of these consolidated financial statements. In this connection, only those accounting policies that are specific to the Parent's business activities and those considered significant on the basis of the nature of its activities are detailed below.

[redacted]

5.1 Basis of consolidation

Transactions between consolidated companies

The balances and transactions and results of operations between fully consolidated companies were eliminated on consolidation.

Operating margins applied by subsidiaries to companies accounted for using the equity method are eliminated up to the limit of the value of the ownership interest in the latter. Any margin exceeding the amount eliminated is taken into consideration, where applicable, when assessing the recoverability of the carrying amount of the company accounted for using the equity method.

[redacted]

Uniformity of items

The accounting policies and procedures used by the Group companies were unified in order to present the consolidated financial statements on a uniform basis.

Translation of financial statements denominated in foreign currency

The financial statements of investees with a functional currency other than the presentation currency, the euro, were translated to euros as follows:

- The assets and liabilities in their balance sheets were translated at the exchange rates ruling at the balance sheet date.
- The income and expense items were translated at the cumulative average exchange rates for the period in which they arose.
- Any resulting exchange differences are recognised as a separate component of equity under "Valuation Adjustments - Translation Differences".

When control, joint control or a significant influence over a company with a functional currency other than the euro is lost, the translation differences recognised as a component of equity relating to that company are recognised in profit or loss at the same time as the gain or loss on the disposal is recognised. If the investee with a functional currency other than the euro is a jointly controlled entity or associate and a partial disposal takes place that does not result in a change of classification of the investee or results in the jointly controlled entity becoming an associate, only the proportional part of the translation differences is recognised in profit or loss. If a percentage of ownership of a subsidiary of these characteristics is disposed of without control of the subsidiary being lost, the same percentage of the cumulative translation difference is attributed to non-controlling interests.

5.2 Goodwill and business combinations

The obtainment by the Parent of control over a subsidiary constitutes a business combination to which the acquisition method is applied. When the ownership interest is consolidated subsequently, the equity investment in the subsidiary is generally eliminated on the basis of the values resulting from applying the acquisition method (described below) at the date on which control is obtained.

Business combinations are accounted for by applying the acquisition method. For this purpose, the acquisition date is determined and the cost of the combination is calculated, and the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair value.

If, exceptionally, the value of the identifiable assets acquired less that of the liabilities assumed exceeds the cost of the business combination, the excess amount is recognised as income in profit or loss. However, before recognising such income (gain on a bargain purchase) the Group reassesses whether it has correctly identified and measured the assets acquired and the liabilities assumed. If in the identification process contingent or intangible assets for which there is no active market arise, such assets are not recognised for amounts up to that of the aforementioned gain on a bargain purchase.

Goodwill or a gain from a bargain purchase arising from a combination is calculated as the difference between the acquisition-date fair value of the assets acquired and liabilities assumed and the cost of the business combination at the acquisition date.

When a new acquisition of shares of a subsidiary, jointly controlled entity or associate does not give rise to an increase in the percentage of ownership, neither the goodwill arising on consolidation calculated implicitly nor, where applicable, the gain on a bargain purchase are adjusted.

The cost of a business combination is the aggregate of:

- The acquisition-date fair value of the assets transferred, the liabilities assumed and the equity instruments issued.
- The fair value of any contingent consideration that depends on future events or on the fulfilment of certain pre-determined conditions.

The costs incurred to issue equity or debt securities given up in exchange for the items acquired are not included in the cost of a business combination.

Also, since 1 January 2010 the cost of a business combination does not include the fees paid to legal advisers and other professionals involved in the combination or, clearly, any costs incurred internally in this connection. Such amounts are charged directly to profit or loss.

If the business combination is achieved in stages and, therefore, the acquirer already held an equity interest in the acquiree immediately before the acquisition date (the date on which control is obtained), the goodwill or gain on a bargain purchase is the difference between:

- The cost of the business combination, plus the acquisition-date fair value of any equity interest previously held by the acquirer in the acquiree; and
- The fair value of the identifiable assets acquired less the fair value of the liabilities assumed, determined as indicated above.

[redacted]

Any gain or loss resulting from the remeasurement of the previously held equity interest in the acquiree at its acquisition-date fair value is recognised in profit or loss. If the investment in this investee had previously been measured at fair value, any valuation adjustments not yet recognised in profit or loss will be transferred to the consolidated statement of profit or loss. Also, the cost of a business combination is presumed to be the best reference for estimating the acquisition-date fair value of any previously held equity interest.

Goodwill arising on the acquisition of companies with a functional currency other than the euro is measured in the functional currency of the acquiree and is translated to euros at the exchange rates prevailing at the balance sheet date.

[redacted]

Goodwill is amortised and is subsequently measured at cost, less any accumulated amortisation and any accumulated impairment losses. Since 1 January 2016, pursuant to the applicable legislation, the useful life of goodwill is set at ten years and it is amortised on a straight-line basis.

Also, the Group analyses if there are any indications of impairment of the cash-generating units at least once a year and, if there are, they are tested for impairment using the methodology described below and, where appropriate, they are written down.

An impairment loss recognised for goodwill must not be reversed in a subsequent period.

If, exceptionally, a gain on a bargain purchase arises from the business combination, it is recognised as income in the consolidated statement of profit or loss.

[redacted]

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete, and the provisional amounts may be adjusted in the period required to obtain the necessary information. However, the measurement period shall not exceed one year from the acquisition date. The effects of the adjustments made in that period are recognised retrospectively and comparative information for prior periods must be revised as needed.

Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss, unless the consideration has been classified as equity, in which case subsequent changes in its fair value are not recognised.

If subsequent to obtaining control there are share sale or purchase transactions with non-controlling shareholders that do not lead to the loss of control of the investee, such transactions are treated as treasury share transactions and, accordingly, the effects thereof are recognised in equity and do not modify the amount of goodwill arising on consolidation. [redacted]

At 31 December 2020 and 2019, the Group had recognised goodwill associated with:

	Thousands of Euros	
	2020	2019
Bosques Solares, S.L.U.	366	366
Rencoba Energías Alternativas, S.L. (Note 6)	-	230
Gestión de Proyectos Solares, S.L. (Note 6)	-	424
PV Investments Sudinv, S.L.	194	-
Solaer Clean Energy 3, S.L.	260	-
	820	**1,020**
Accumulated amortisation	**(252)**	**(173)**
Carrying amount	**568**	**847**

[redacted]

Rencoba Energías Alternativas, S.L. and Gestión de Proyectos Solares, S.L. were excluded from the scope of consolidation in 2020 due to the sale thereof (see Note 2.3).

5.3 *Intangible assets*

As a general rule, intangible assets are recognised initially at acquisition or production cost. They are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. These assets are amortised over their years of useful life. When the useful life of these assets cannot be estimated reliably, they are amortised over a period of ten years.

a) Computer software

The Group recognises under "Computer Software" the costs incurred in the acquisition and development of computer programs, including website development costs. Computer software maintenance costs are recognised with a charge to the statement of profit or loss for the year in which they are incurred. Computer software is amortised on a straight-line basis over three years.

b) Impairment of intangible assets and property, plant and equipment

At the end of each reporting period the assets are tested for impairment, to which end their carrying amount is compared with their recoverable amount, whenever an event or a change in circumstances indicates that their carrying amount may not be recoverable.

[redacted]

Recoverable amount is the higher of fair value less costs of disposal and value in use.

For impairment loss assessment purposes, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered an impairment loss are reviewed at the end of each reporting period in order to identify any possible reversal of the impairment loss.

Where an impairment loss subsequently reverses (not permitted in the specific case of goodwill), the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income.

As a result of the aforementioned analysis, it was not necessary to recognise any impairment losses on the Group's cash-generating units at 31 December 2020.

5.4 Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition or production cost and are subsequently reduced by the related accumulated depreciation and by any impairment losses recognised, as indicated in Note 5.3.

Property, plant and equipment upkeep and maintenance expenses are recognised in the statement of profit or loss for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

For non-current assets that necessarily take a period of more than twelve months to get ready for their intended use, the capitalised costs include such borrowing costs as might have been incurred before the assets are ready for their intended use and which have been charged by the supplier or relate to loans or other funds borrowed specifically or generally directly attributable to the acquisition or production of the assets.

Property, plant and equipment in the course of construction are transferred to property, plant and equipment in use when they become available for their intended use or when the related trial period has ended, at which time depreciation starts to be taken.

In-house work on non-current assets is measured at accumulated cost (external costs plus in-house costs, determined on the basis of in-house materials consumption, direct labour and general manufacturing costs calculated using absorption rates similar to those used for the measurement of inventories).

[redacted]

The Group depreciates its property, plant and equipment by the straight-line method at annual rates based on the years of estimated useful life of the assets, the detail being as follows:

	Depreciation Rate
Buildings	2
Plant	12
Machinery	12-24
Tools	30
Other fixtures	10-12
Furniture	10
Computer hardware	25
Transport equipment	16-32
Other items of property, plant and equipment	10

[redacted]

5.5 Investment property

"Investment Property" in the consolidated balance sheet reflects the values of the freehold land held either to earn rentals or for capital appreciation.

Investment property is measured as described in Note 5.4 on property, plant and equipment.

The depreciation of investment property is calculated on a straight-line basis over the estimated useful life thereof, which is 50 years.

5.6 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

[redacted]

Finance leases

i. The Group as lessee

In finance leases in which the Group acts as the lessee, the cost of the leased assets is presented in the consolidated balance sheet, based on the nature of the leased asset, and, simultaneously, a liability is recognised for the same amount. This amount will be the lower of the fair value of the leased asset and the present value, at the inception of the lease, of the agreed minimum lease payments, including the price of the purchase option when it is reasonably certain that it will be exercised. The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor. The total finance charges arising under the lease are allocated to the consolidated statement of profit or loss for the year in which they are incurred using the effective interest method. Contingent rent is recognised as an expense for the period in which it is incurred.

Leased assets are depreciated, based on their nature, using similar criteria to those applied to the items of property, plant and equipment that are owned.

[redacted]

Operating leases

ii. The Group as lessor

Lease income and expenses from operating leases are recognised in the consolidated statement of profit or loss on an accrual basis.

Also, the acquisition cost of the leased asset is presented in the balance sheet according to the nature of the asset; increased by the costs directly attributable to the lease, which are recognised as an expense over the lease term, applying the same method as that used to recognise lease income.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

[redacted]

iii. The Group as lessee

Expenses resulting from operating leases are recognised in the consolidated statement of profit or loss in the year in which they are incurred.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

5.7 Financial instruments

Definitions

[redacted]

A *"financial instrument"* is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

An *"equity instrument"* is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

5.7.1 Financial assets

Classification

The financial assets held by the Group are classified in the following categories:

a. Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.

b. Held-to-maturity investments: debt securities with fixed maturity and determinable payments that are traded in an active market and which the Company has the positive intention and ability to hold to the date of maturity.

c. Equity investments in jointly controlled entities and associates. Jointly controlled entities and associates are companies over which the Group does not exercise control, and exercises joint control or a significant influence over the investee. These financial assets are accounted for using the equity method.

[redacted]

d. Available-for-sale financial assets: these include debt securities and equity instruments of other companies that are not classified in any of the aforementioned categories.

Initial recognition

Financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

Subsequent measurement

Loans and receivables and held-to-maturity investments are measured at amortised cost.

Lastly, available-for-sale financial assets are measured at fair value and the gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or it is determined that it has become (permanently) impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the consolidated net profit or loss for the year. In this regard, (permanent) impairment is presumed to exist if the market value of the asset has fallen by more than 40% or if there has been a prolonged fall in market value over a period of 18 months without the value having recovered. [redacted]

At least at each reporting date the Group tests financial assets not measured at fair value through profit or loss for impairment. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When this occurs, the impairment loss is recognised in the consolidated statement of profit or loss.

In particular, the Group calculates write-downs relating to trade and other receivables, where necessary, on the basis of a case-by-case analysis of past-due balances receivable, taking into account the age of the debt, the relationship with, and financial situation of, the customer (see Note 10.3).

The Group derecognises a financial asset when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Group does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk. [redacted]

However, the Group does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of note and bill discounting, recourse factoring, sales of financial assets subject to an agreement to buy them back at a fixed price or at the selling price plus a lender's return and the securitisation of financial assets in which the transferor retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses.

5.7.2 Financial liabilities

Financial liabilities include accounts payable by the Group that have arisen from the purchase of goods or services in the normal course of the Group's business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the items received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

The Group derecognises financial liabilities when the obligations giving rise to them cease to exist.

 [redacted]

5.7.3 Offsetting financial assets and financial liabilities

The Group presents the net amount of a financial asset and a financial liability in the consolidated balance sheet when, and only when, it has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Consequently, the balances with related companies were offset in the consolidated balance sheet and presented at their net amount under the agreements entered into by the parties and at the net amount of the subsequent settlement.

5.7.4 Equity instruments

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

Equity instruments issued by the Group are recognised in equity at the proceeds received, net of issue costs.

5.8 Cash and cash equivalents

The Group recognises under "Cash and Cash Equivalents" in the accompanying consolidated balance sheet financial investments readily convertible into cash, maturing in three months or less from the date of acquisition, which are not subject to significant risks of changes in value and which form part of the Group's normal cash management policy.

[redacted]

5.9 Inventories

Inventories relate to work in progress (basically facilities and civil engineering) of the solar PV plants of subsidiaries included in the scope of consolidation and earmarked for sale, including the external borrowing costs paid until they are ready to enter into operation.

Inventories are measured at the lower of acquisition or production cost and net realisable value. Trade discounts, rebates, other similar items and interest included in the face value of the related payables are deducted in determining the costs of purchase.

[redacted]

Production cost includes the costs of direct materials and, where applicable, direct labour and production overheads.

For inventories that need more than 12 months to get ready for sale, cost includes borrowing costs charged by the supplier or those relating to loans or other funds borrowed specifically or generally directly attributable to the manufacture or production of the inventories.

Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Group recognises the appropriate write-downs as an expense in the consolidated statement of profit or loss when the net realisable value of the inventories is lower than acquisition or production cost.

[redacted]

5.10 *Foreign currency transactions*

The Group's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

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

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The resulting gains or losses are recognised in equity or in profit or loss by applying the same methods as those used to recognise changes in fair value, as indicated in Note 5.7 on financial instruments.

5.11 *Income tax*

As indicated in Note 15, the Parent files consolidated income tax returns pursuant to Article 55 et seq. of Spanish Income Tax Law 27/2014, of 27 November.

The Group's policies establish that for each of the companies included in the consolidated tax group the income tax expense for the year is determined on the basis of the accounting profit or loss before tax, increased or decreased, as appropriate, by the permanent differences from taxable profit, net of the tax relief and tax credits corresponding to each tax group company, excluding tax withholdings and pre-payments.

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets are only recognised to the extent that it is considered probable that the tax group or each company included in the tax group that files separate tax returns will have future taxable profits against which those tax assets can be utilised.

[redacted]

Also, at consolidated level, any differences between the consolidated carrying amount of an investment in an investee and the related tax base are also taken into account. In general, such differences arise from the undistributed profits generated since the date of acquisition of the investee, from tax credits associated with the investment and, in the case of investees with a functional currency other than the euro, from translation differences. The deferred tax assets and deferred tax liabilities arising from these differences are recognised, unless, in the case of taxable temporary differences, the investor is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future and, in the case of deductible temporary differences, it is probable that the temporary difference will not reverse in the foreseeable future and it is not probable that the tax group or the consolidated taxpayer entity will have sufficient future taxable profits.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

[redacted]

5.12 *Revenue and expense recognition*

Revenue and expenses are recognised on an accrual basis, i.e., when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes. Indirect taxes on the transactions collected on behalf of and payable to third parties do not form part of revenue.

Revenue from sales is recognised when the significant risks and rewards of ownership of the goods sold have been transferred to the buyer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold and there are no risks associated with the transfer.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period, provided the outcome of the transaction can be estimated reliably.

[redacted]

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. In addition, if the dividends are clearly paid out of the profit obtained prior to the acquisition date because amounts were paid in excess of the profit earned by the investee since its acquisition, they are not recognised as revenue and are deducted from the carrying amount of the investment. In this regard, interest and dividends from financial assets accrued after the date of acquisition are recognised as revenue in the consolidated statement of profit or loss.

Development and construction of solar PV farms

The Group applies the percentage of completion method to firm construction and component supply contracts for whose construction agreements have been specifically negotiated. These agreements contain particular technical stipulations that identify the specific asset to which the agreement relates and bind the parties to perform their respective obligations, by virtue of which the risks and rewards are systematically and substantially transferred as the work is performed by the Group. In this regard, the Group recognises the revenue earned under the aforementioned contracts that at 31 December have not been fully completed, since:

[redacted]

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Group company in question.
- The stage of completion of the transaction at year-end can be measured reliably.
- The costs already incurred in performing the contract and the costs to be incurred in the completion of the contract can be estimated reliably.

The Group uses the percentage of completion method in order to determine the appropriate amount to recognise in a given period. The stage of completion is determined by reference to the contract costs incurred at the reporting date as a percentage of the estimated total contract costs. The costs incurred in the year in relation to future activity on the contract are excluded from the contract costs for the purpose of determining the stage of completion. [redacted]

Accordingly, contract costs, excluding procurement costs, are recognised as they are incurred. In exceptional cases in which the outcome of a contract cannot be estimated reliably, the contract revenue is recognised only up to the limit of the contract costs incurred that will probably be recovered.

Construction contracts are subject to estimates of revenue and costs that need to be reviewed by project managers as the contracts progress. Any changes in the estimates of revenue, expenses and outcome of the work are subject to review by various levels of management and, when they have been verified and approved, the effect is treated as a change in estimate.

When it is probable that total contract costs will exceed total contract revenue, the expected loss relating to the contract costs yet to be incurred is recognised as an expense immediately under "Other Operating Expenses - Losses on and Write-down of Trade Receivables and Changes in Provisions for Commercial Transactions" in the consolidated statement of profit or loss with a credit to "Short-Term Provisions" in the consolidated balance sheet. The Group's directors had not recognised any provisions in this connection at 31 December 2020 (31 December 2019: EUR 86 thousand). [redacted]

The Group presents as an asset, i.e., as a collection right, the gross amount due from customers in contracts in progress for which the costs incurred plus the recognised profits (less recognised losses) exceed the progress billings made. In addition, progress billings receivable and retentions during the warranty period are included under "Trade and Other Receivables - Trade Receivables for Sales and Services". Also, the Group presents as a liability the gross amount due to customers in respect of work relating to all contracts in progress for which the progress billings exceed the costs incurred plus the recognised profits (less recognised losses) under "Trade and Other Payables - Customer Advances".

Contract modifications (balances under negotiation with customers due to changes in scope, amendments or work additional to that envisaged in the original contract) and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and that they are capable of being reliably measured. In relation to variations in construction contracts under negotiation, contract revenue and profits are recognised whenever the following conditions are met: a) it is probable that the customer will approve the variation and there is evidence that the customer has requested that there be a change in the scope or price; and b) the amount of revenue can be reliably measured.

Where the amount is variable, or corresponds to unapproved claims, the amount is estimated following the approach that best allows that to which the Group will be entitled to be predicted, using a probability-based expected value where it is considered that it is highly probable that a significant reversal of the revenue recognised will not occur when the associated uncertainty is resolved.

[redacted]

In connection with claims (contracts subject to arbitration, litigation or disputes), it is considered that the customer has not yet accepted the claim and, therefore, that revenue cannot be recognised until negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. To the extent that claims are the result of variations for which negotiations were unsuccessful and for which a profit margin was recognised in prior periods, as soon as approval by the customer is no longer probable because the claim is in dispute (even before the arbitration period has been formally initiated), no additional profit margin is recognised, and revenue (with no profit margin) is recognised when, and only when, the Group considers, on the basis of the reports of its legal and technical advisers, that it is probable that the eventual resolution of the claim will make it possible to recover the costs incurred.

The costs incurred in the presentation of bids to obtain contracts in Spain and abroad are charged to profit or loss when they are incurred when it is not probable that, or known whether, the related contract will be obtained. The costs incurred in presenting bids are included in contract costs when it is probable or known that the contract will be obtained, or when it is known that these costs will be reimbursed or included in the contract revenue.

[redacted]

Occasionally, the EPC is sold together with a subsidiary, in which case the selling price of each of the various performance obligations is allocated on the basis of the best estimate of their fair value.

<u>*Operating and maintenance revenue*</u>

This revenue is recognised by reference to the stage of completion of the service in question at the reporting date, provided the outcome of the transaction can be estimated reliably. The Parent recognises as the result of the services rendered by it each year the difference between output (valued at the selling price of the services provided during the period, which are covered by the initial contract entered into with the customer or by approved modifications or addenda thereto, or of services that have not yet been approved but for which it is considered highly probable that the related costs will ultimately be recovered) and the costs incurred in the year. Price increases recognised in the initial contract entered into with the customer are recognised as revenue on an accrual basis, regardless of whether they have been approved annually by the latter, since it is considered that such increases are provided for in the contract.

5.13 *Provisions and contingencies*

[redacted]

When preparing the consolidated financial statements the Parent's directors made a distinction between:

a. Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations; and

b. Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Group's control.

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

The Parent's directors consider that the Group did not have any material contingent liabilities at 31 December 2020.

[redacted]

The Group recognises provisions to meet quantifiable probable or certain liability arising from litigation in progress, indemnity payments, obligations or outstanding expenses of an indeterminate amount and collateral and other similar guarantees provided by the Group based on its best estimate and on its historical experience. These provisions are recognised when the liability or obligation arises, with a charge to the corresponding line item in the consolidated statement of profit or loss depending on the nature of the obligation in question.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis.

[redacted]

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

Lastly, contingent assets are only recognised when the realisation of income is virtually certain. However, if their realisation is only probable, they are disclosed.

5.14 Termination benefits

Under current legislation, the Group is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken. The accompanying consolidated financial statements do not include any provision in this connection, since no situations of this nature are expected to arise.

[redacted]

5.15. Grants, donations and legacies received

The Group accounts for grants, donations and legacies received from third parties other than the owners as follows:

a. Non-refundable grants, donations and legacies relating to assets: these are measured at the fair value of the amount or the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss.
b. Refundable grants: while they are refundable, they are recognised as a liability.
c. Grants related to income: grants related to income are credited to income when granted, unless their purpose is to finance losses from operations in future years, in which case they are allocated to income in those years. If grants are received to finance specific expenses, they are allocated to income as the related expenses are incurred.

Also, grants, donations and legacies received from the shareholders or owners do not constitute income and must be recognised directly in equity, regardless of the type of grant involved, provided that they are not refundable.

The Parent's directors consider that the Parent has met, and expects to meet in the future, the conditions established in order for the grants awarded to be definitively received.

[redacted]

5.16 Related party transactions

The Group performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Parent's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

5.17 Current/Non-current classification

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year; other assets which are expected to mature, be disposed of or be realised within twelve months from the end of the reporting period; financial assets held for trading, except for financial derivatives that will be settled in a period exceeding one year; and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle, financial liabilities held for trading, except for financial derivatives that will be settled in a period exceeding one year; and, in general, all obligations that will mature or be extinguished at short term. All other liabilities are classified as non-current liabilities.

5.18 Discontinued operations

A discontinued operation is any component of the Group that has been sold or disposed of in any other way or has been classified as held for sale and, among other conditions, represents a line of business or significant area that can be distinguished from the rest.

For operations of this nature, the Group includes in the consolidated statement of profit or loss under a single heading entitled "Profit/Loss for the Year from Discontinued Operations Net of Tax" both the profit or loss after tax of discontinued operations and the gain or loss after tax resulting from the measurement of the operations at fair value less costs to sell or from the sale or disposal of the items constituting the discontinued operation.

Also, when operations are classified as discontinued, the Group presents under the aforementioned heading the amount for the preceding year relating to the operations that have been discontinued at the end of the reporting period to which the consolidated financial statements refer.

5.19 Statement of cash flows

The following terms are used in the consolidated statement of cash flows, which was prepared using the indirect method, with the meanings specified:

- Cash flows. Inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities. The principal revenue-producing activities of the Group and other activities that are not investing or financing activities. Commercial paper discounting, or the factoring under any other type of agreement, of the revenue from sales to customers is treated for the purposes of the consolidated statement of cash flows as a collection of trade receivables that has been brought forward in time.
- Investing activities. The acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities. Activities that result in changes in the size and composition of the equity and borrowings of the Group companies that are not operating activities.

[redacted]

There are no significant non-cash transactions relating to investing and financing activities which, since they did not give rise to changes in cash flows, were not included in the consolidated statement of cash flows and have to be disclosed separately.

5.20 Environmental assets and liabilities

Environmental assets are deemed to be assets used on a lasting basis in the Group's operations whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

Because of their nature, the Group's business activities do not have a significant environmental impact.

6. Business combinations

[redacted]

As described in Note 2.3, on 23 December 2019, the Group company Solaer España Energías Renovables, S.L.U. obtained control of PV Investments Sudinv, S.L., with registered office in Cuenca, by purchasing all of its shares.

In addition, on 30 December 2020, the Group company Solaer España Energías Renovables, S.L.U. obtained control of Proyectos y Desarrollos Solares del Levante, S.L., with registered office in Cuenca, by purchasing of all of its shares.

Also, on 21 December 2020 and 14 December 2020, the Parent obtained control of Solaer Clean Energy 3, S.L. and Alsemur Renovables, S.L. by purchasing all of their shares.

The assets and liabilities of the aforementioned acquired subsidiaries recognised at the acquisition date were accounted for as follows:

	Thousands of Euros			
	PV Investments Sudinv, S.L.	Proyectos y Desarrollos Solares del Levante, S.L.	Solaer Clean Energy 3, S.L.	Alsemur Renovables, S.L.
Current assets:	**12**	**3,137**	**661**	**6,287**
Inventories	-	3,078	163	6,249
Trade receivables	9	27	2	(5)
Current financial assets	-	31	-	-
Cash	3	1	496	43
Non-current assets:	**47**	**42**	-	**6**
Non-current financial assets	45	40	-	-
Deferred tax assets	2	2	-	6
Non-current liabilities:	**(5)**	**1,836**	**726**	-
Other non-current payables	(5)	1,836	726	-
Current liabilities:	**72**	**78**	**(142)**	**62**
Other current payables	71	78	(142)	62
Trade payables	1	-	-	
Total fair value of net identifiable assets acquired	**(8)**	**1,265**	**77**	**6,231**

[redacted]

The acquired assets and liabilities were measured at their carrying amount at the acquisition date to the extent that it does not differ significantly from their fair value, except for the developments of Alsemur Renovables, S.L. and Proyectos y Desarrollos Solares del Levante, S.L., classified under inventories, which were measured at fair value.

[redacted]

Goodwill (gain on a bargain purchase) arising in the business combination

The following goodwill arose in the business combinations described above:

	Thousands of Euros			
	PV Investments Sudinv, S.L.	Proyectos y Desarrollos Solares del Levante, S.L.	Solaer Clean Energy 3, S.L.	Alsemur Renovables, S.L.
Consideration transferred (cash)	186	1,265	337	1,100
Outstanding consideration (Note 14.2)				5,131
Less- Fair value of the net assets acquired	(8)	1,265	77	6,231
Goodwill	**194**	-	**260**	-

[redacted]

In addition, in 2020, the Group acquired Cartuja Solar, S.L.U. and Albisparks, S.A. for EUR 4,431 thousand, which were sold in the same year for the same amount and, accordingly, they were not included in the above table.

Additional information on the goodwill can be found in Note 5.2 on goodwill and business combinations.

However, this accounting is considered provisional and the provisional amounts may be adjusted in the period required to obtain the necessary information to apply the acquisition method, which may not exceed one year under the legislation in force. The effects of the adjustments made in that period are recognised retrospectively and comparative information for prior periods must be revised as needed.

Impact of the business combination on the Group's profit or loss

The detail of the revenue and profit/loss attributable to the business combinations from the acquisition date to 2020 year-end is as follows:

[redacted]

	Thousands of Euros
Revenue	-
Profit for the year before tax	8

Had the aforementioned business combinations occurred at the beginning of 2020, the consolidated revenue and consolidated loss for the year would have been as follows:

	Thousands of Euros
Revenue	-
Loss for the year attributable to the Parent	(175)

[redacted]

7. Investment property

The changes in "Investment Property" in the consolidated balance sheet in 2020 and 2019 were as follows:

2020

	Thousands of Euros				
	Beginning Balance	Additions	Transfers	Disposals or Reductions	Ending Balance
Cost:					
Land	1,609	628	-	-	2,237
Buildings	1,448	-	-	-	1,448
	3,057	**628**	**-**	**-**	**3,685**
Accumulated depreciation:					
Buildings	(199)	(29)	-	-	(228)
	(199)	**(29)**	**-**	**-**	**(228)**
Net	**2,858**				**3,457**

[redacted]

2019

	Thousands of Euros				
	Beginning Balance	Additions	Transfers	Disposals or Reductions	Ending Balance
Cost:					
Land	1,609	-	-	-	1,609
Buildings	1,475	-	-	(27)	1,448
	3,084	**-**	**-**	**(27)**	**3,057**
Accumulated depreciation:					
Buildings	(174)	(29)	-	4	(199)
	(174)	**(29)**	**-**	**4**	**(199)**
Net:	**2,910**				**2,858**

[redacted]

"Investment Property" in the consolidated balance sheet at the end of 2020 and 2019 includes the land and industrial premises owned by the subsidiary Bosques Solares, S.L.U. and the Parent, which are held to obtain long-term rent and are not occupied by the company. The additions in 2020 amounting to EUR 628 thousand relate mainly to the acquisition of land earmarked for lease. A portion of this land and these buildings is currently leased (see Note 8).

The directors assessed the recoverability of the investment property and their analysis did not disclose the need to recognise any impairment losses as it is estimated that there are no significant differences between their fair value and carrying amount.

At the end of 2020 and 2019 there were no fully depreciated investment properties.

[redacted]

8. Leases

Operating leases

At the end of 2020 and 2019 the Company had contracted with lessors for the following minimum lease payments, based on the leases currently in force, without taking into account the charging of common expenses, future increases in the CPI or future contractual lease payment revisions:

Minimum Operating Lease Payments	Thousands of Euros Nominal Value	
	2020	2019
Within one year	275	338
Between one and five years	435	614
After five years	645	680
	1,355	**1,632**

The detail of the operating lease payments recognised as an expense in 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Lease payments (Note 16.5)	1,111	989

[redacted]

The most significant operating leases relating to properties and premises that the Group had entered into as the lessee at 31 December 2020 and 2019 relate to lease agreements for the establishments in which the Group carries on its activity and the land used by certain Group customers for which they are billed, together with maintenance costs. In general, these agreements have an average term of between 25 and 30 years (minimum period agreed by the lessor).

The most significant lease that the Group had entered into as the lessor at the end of 2020 was the lease on industrial premises in Aznalcollar (Seville) used to carry on boiler making and machining, which resulted in income of EUR 36,000 in 2020 and 2019.

At the end of 2020 and 2019 the Company had contracted with tenants for the following minimum lease payments, based on the leases currently in force, without taking into account the charging of common expenses, future increases in the CPI or future contractual lease payment revisions:

[redacted]

Minimum Operating Lease Payments	Thousands of Euros Nominal Value	
	2020	2019
Within one year	324	315
Between one and five years	106	108
After five years	93	-
	523	**423**

The Group recognised EUR 9 thousand at 31 December 2020 under "Current Payables - Other Financial Liabilities" in relation to the security deposits of the leases in which the Group acts as the lessor (see Note 14.2).

[redacted]

9. Investments accounted for using the equity method

Note 2.2. shows the investments in jointly controlled entities and associates accounted for using the equity method.

The detail of the investments accounted for using the equity method at the end of 2020 and 2019 and of the changes therein in 2020 and 2019 is as follows:

2020

	Thousands of Euros					
	Beginning Balance	Share of Profit (Loss) of Companies Accounted for Using the Equity Method	Valuation Adjustments - Translation Differences (Note 13.6)	Changes in the Scope of Consolidation	Other Changes	Ending Balance
SolarGreen, S.A.S.	243	134	45	-	(72)	350
Padero Solaer, Ltd	-	(229)	237	-	(8)	-
Sunit Sapi de CV	233	(31)	(33)	-	-	169
Urbe Energía, S.R.L.	111	27	-	-	(23)	115
Urbe Techno, S.R.L.	298	51	-	-	-	349
Sunnica	-	(62)	2	-	60	-
Solaer El Salvador, S.A. de C.V.	14	(2)	(1)	-	-	11
Colombian SPVs	-	-	-	3	-	3
Libienergy SPVs	16	(5)	-	-	1	12
Sol del Pacífico, SPA	106	-	-	-	(1)	105
Associate Spanish SPVs	28	(19)	-	(12)	3	-
Spanish EIGs	-	(101)	-	394	-	293
	1,049	**(237)**	**250**	**385**	**(40)**	**1,407**

2019

	Thousands of Euros					
	Beginning Balance	Share of Profit (Loss) of Companies Accounted for Using the Equity Method	Valuation Adjustments - Translation Differences	Changes in the Scope of Consolidation	Other Changes	Ending Balance
SolarGreen, S.A.S.	181	60	2	-	-	243
Padero Solaer, Inc. and subsidiaries	24	(328)	61	-	243	-
TGC Solar Carditch Drove, Ltd.	318	-	-	(318)	-	-
Sunit Sapi de CV	156	66	10	-	1	233
Urbe Energía, S.R.L.	150	21	-	-	(60)	111
Urbe Techno, S.R.L. and subsidiaries (*)	703	(56)	-	-	(349)	298
Sunnica	-	(56)	-	-	56	-
Solaer El Salvador, S.A. de C.V.	-	(1)	1	-	14	14
Colombian SPVs	-	-	1	-	(1)	-
Libienergy SPVs	-	(10)	-	26	-	16
Sol del Pacífico, SPA	-	(3)	-	106	3	106
Associate Spanish SPVs	-	(2)	-	-	30	28
	1,532	**(309)**	**75**	**(186)**	**(63)**	**1,049**

(*) Consolidated data including Urbe Cerig, S.R.L. and Urbe Solar, S.R.L.

[redacted]

Changes in the scope of consolidation

On 5 June 2020, the Parent reached an agreement to sell the subsidiary FV Arcicollar Green, S.L., which was excluded from the scope of consolidation at that date.

On 11 December 2020, the Parent reached an agreement to sell the subsidiaries FV Escalona Green, S.L., FV Escalona Gold, S.L., FV Escalona Energy, S.L. and FV Arcicollar Green, S.L., which were excluded from the scope of consolidation at that date.

On 11 August 2020, the subsidiary Bosques Solares, S.L.U. acquired 50% of the share capital of the subsidiaries Bosques Solares de Bolívar 500, S.A.S., Bosques Solares de Bolívar 501, S.A.S., Bosques Solares de Bolívar 502, S.A.S., Bosques Solares de Bolívar 503, S.A.S. and Bosques Solares de Bolívar 504, S.A.S. From that date, the companies started to be accounted for using the equity method.

[redacted]

On 7 October, 27 October and 11 November 2020, the Group company Solaer España Energías Renovables, S.L.U. acquired 84.27%, 27.39% and 75% of the subsidiaries Leeman Producciones, AIE, La Gira del Barrio, AIE and Siente la Música, AIE, over which the Group has joint control, so that the unanimous agreement of all of the members is required for decision-making at the EIGs in question. Accordingly, they started to be accounted for using the equity method.

10. Financial assets (non-current and current)

10.1 Non-current financial assets

The detail of "Non-Current Financial Assets" at the end of 2020 and 2019 is as follows:

2020

[redacted]

	Thousands of Euros				
	Opening Balance	Additions or Charge for the Year	Disposals or Reversals	Transfers	Ending Balance
Equity instruments	14	20	(9)	-	25
Loans to companies	687	-	(543)	-	144
Other financial assets	2,857	3,169	(948)	(812)	4,266
Impairment of other financial assets	(363)	-	-	-	(363)
	3,195	**3,189**	**(1,500)**	**(812)**	**4,072**

2019

	Thousands of Euros				
	Opening Balance	Additions or Charge for the Year	Disposals or Reversals	Transfers	Ending Balance
Equity instruments	14	-	-	-	14
Loans to companies	10	687	(10)	-	687
Other financial assets	3,082	2,158	(1,140)	(1,273)	2,857
Impairment of other financial assets	(461)	-	98	-	(363)
	2,645	**2,845**	**(1,052)**	**(1,273)**	**3,195**

[redacted]

Under "Other Financial Assets" the Group recognises mainly investment funds, the balance of which was EUR 1,189 thousand at 31 December 2020, and which were securing performance bonds (see Note 18.3) (31 December 2019: EUR 746 thousand), term deposits of EUR 300 thousand (31 December 2019: EUR 698 thousand) and premiums corresponding to the call options of companies that are developing licences to build PV farms totalling EUR 2,147 thousand (31 December 2019: EUR 1,083 thousand). EUR 363 thousand of this amount were impaired at 31 December 2019 since the Group considered that there were doubts as to the recoverability of the investment made. No additional impairment losses were recognised in 2020. The directors consider the remaining call options paid will be recoverable to the extent that EUR 1,484 thousand relate to investments made in 2020 and the time horizon for the developments exceeds two years. At the date of authorisation for issue of these consolidated financial statements no events had occurred that might make it unlikely that they would be exercised.

10.2 *Current financial assets*

The detail of "Current Financial Assets" at the end of 2020 and 2019 is as follows:

2020

	Thousands of Euros				
	Opening Balance	Additions or Charge for the Year	Disposals or Reversals	Transfers	Ending Balance
Loans to companies	-	-	-	-	-
Debt securities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other financial assets	2,428	165	(18)	812	3,387
	2,428	**165**	**(18)**	**812**	**3,387**

2019

	Thousands of Euros				
	Opening Balance	Additions or Charge for the Year	Disposals or Reversals	Transfers	Ending Balance
Loans to companies	76	-	(76)	-	-
Debt securities	6	-	(6)	-	-
Derivatives	1	-	(1)	-	-
Other financial assets	1,978	908	(1,701)	1,243	2,428
	2,061	**908**	**(1,784)**	**1,243**	**2,428**

At the end of 2020, "Other Financial Assets" consists mainly of investment funds amounting to EUR 1,657 thousand and short-term deposits totalling EUR 1,168 thousand.

10.3 *Information on the nature and level of risk of financial instruments*

The Group's activities are exposed to various financial risks: credit risk (including foreign currency risk and fair value interest rate risk), country risk, liquidity risk and cash flow interest rate risk. The Parent's global risk management programme focuses on the uncertainty of the financial markets.

The Group's financial risk management is centralised in its Financial Department, which has established the mechanisms required to control exposure to interest rate and exchange rate fluctuations and credit and liquidity risk. The main financial risks affecting the Group are as follows:

[redacted]

Qualitative information:

a. Credit risk:

Credit risk is the probability that a counterparty to a contract does not meet its contractual obligations, giving rise to a loss.

In general, the Group holds its cash and cash equivalents at banks with high credit ratings.

In any case, the Parent's directors, based on their experience and their assessment of the economic climate, make the estimates required to recognise the write-downs of trade receivables that are appropriate in each case.

b. Liquidity risk:

This risk is managed by maintaining adequate levels of cash and marketable securities as well as by arranging and maintaining sufficient financing lines to cover all the financing needs, and to maintain at all times adequate levels of financial flexibility for the Group's activity.

The Group carries out prudent management of liquidity risk based on maintaining sufficient cash and marketable securities, availability of financing through a sufficient level of committed credit facilities and sufficient capacity to settle market positions.

Given the dynamic nature of the core businesses, the Group has the objective of maintaining flexible financing through the availability of the credit lines arranged.

c. Market risk (including interest rate and other price risks):

Both the Group's cash and its bank borrowings are exposed to interest rate risk, which could have an adverse effect on financial profit or loss and cash flows. The effect of a change in the market interest rate on the finance income from the cash positions would be practically immediate, although the effect on other financial assets and liabilities would not be significant.

The Group is also exposed to the risk of changes in the market prices of the products it distributes. However, since inventory turnover is high and the Group has some capacity to modify its sale prices, this risk is not considered significant.

d. Foreign currency risk:

The Group operates internationally and is therefore exposed to foreign currency risk on the transactions it performs in foreign currencies. Foreign currency risk arises when future commercial transactions, recognised assets and liabilities and net investments in foreign operations are denominated in a currency other than the Group's functional currency.

The foreign currency risks relate basically to:

- Payments to be made in international markets for the acquisition of procurements to perform construction work, mainly in US dollars.
- Collections arising on projects tied to currencies other than the functional currency of the Parent or of the subsidiaries.

The construction contracts are generally denominated in euros or yen and, therefore, the depreciation of the currencies of emerging countries would not in principle have a direct effect on contract revenue. In addition, a portion of the costs is denominated in the reference currency of the contract or in a currency with a high degree of correlation to it, which provides natural hedging and less exposure to foreign currency risk.

Quantitative information:

a. Credit risk:

Billings issued and not yet collected-

Trade receivables more than 180 days past due at 31 December 2020 amount to EUR 408 thousand (31 December 2019: EUR 656 thousand), of which EUR 99 thousand had been provisioned at 2020 and 2019 year-end (see Note 12), as the Group considered that there were doubts as to their collectability.

Amounts to be billed for work performed-

At 2020 year-end, the Group had EUR 16,611 thousand of amounts to be billed for work performed in its consolidated balance sheet (31 December 2019: EUR 12,596 thousand) (see Note 12), which accrued in full in 2020. No modifications or claims not recognised by customers contractually were taken into account. At the date of authorisation for issue of these consolidated financial statements, EUR 9 million had been billed to customers.

b. Liquidity risk

The Group has positive working capital of EUR 31,338 thousand. Of particular note is the available cash amounting to EUR 20,758 thousand and the undrawn limits on its credit, discount and import financing lines totalling EUR 11,684 thousand, which enable the Group to continue operating normally in the short term (see Note 14).

The classification of financial liabilities by contractual maturity is shown in Note 14.

c. Interest rate risk

The Group's interest rate risk arises, on the one hand, from the long-term borrowings and short-term credit facilities described in Note 14 and, on the other, from the interest-earning assets described in this Note.

Due to the structure of its borrowings, the Group had not arranged any interest rate hedges at 31 December 2020 or 2019. At the end of 2020 and 2019, the Group's credit accounts are tied mainly to floating rates (EURIBOR) and the loans to fixed interest rates. The effect of a change of 100 basis points with respect to the amount of outstanding bank borrowings at year-end would be a change of EUR 381 thousand in profit or loss.

11. Inventories

The detail of the Group's inventories at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Materials	435	784
Work in progress	18,163	9,468
Advances to suppliers	1,677	430
	20,275	**10,682**

The changes in the inventories of PV plants and licence developments recognised under "Changes in Inventories of Finished Goods and Work in Progress" in the consolidated statement of profit or loss in 2020 relate to the capitalisation of the costs associated with the projects for which a contract with a customer has not yet been signed and to the expensing of those for which a contract was signed in 2020, since this is when the Group applies the revenue recognition method of taking sales to income based on the stage of completion.

[redacted]

There are no restrictions on the ownership and availability of the inventories as a result of guarantees, pledges or other similar substantive circumstances.

12. Trade and other receivables

The detail of "Trade and Other Receivables" in the accompanying consolidated balance sheets as at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Trade receivables for sales and services	14,799	6,150
Trade receivables for amounts to be billed for work performed	16,611	12,596
Doubtful trade receivables	99	99
Write-downs of uncollectible trade receivables	(99)	(99)
Receivables from associates (Note 17.2)	1,520	1,219
Other accounts receivable from public authorities (Note 15.1)	3,157	3,117
	36,087	**23,082**

[redacted]

"Trade Receivables for Amounts to be Billed for Work Performed" relates, for each project, to the positive difference between the revenue recognised by reference to the stage of completion of each project and the amount billed for it. At the date of the authorisation for issue of these consolidated financial statements, EUR 9 million had been billed of this amount.

In addition, at the end of the year, there are projects for which the amounts billed have exceeded the revenue accrued on the basis of stage of completion by EUR 1,216 thousand, which were recognised under "Trade and Other Payables - Customer Advances" in the accompanying consolidated balance sheet for the year.

[redacted]

13. Equity and shareholders' equity

At the end of 2020 and 2019 the Parent's share capital amounted to EUR 18,054 thousand and was represented by 18,054 fully subscribed and paid shares of EUR 1 par value each, all of the same class. The Parent's shares have a share premium of EUR 2,325 thousand.

The detail of the Parent's shareholders at 31 December 2020 and 2019 is as follows:

	% of Ownership
Bafi Consulting, S.L.	41.75
Los Leandros Solares, S.L.	26.12
Cecu Solar, S.L.	26.15
David Ortiz	2.99
José Casado	2.99
	100.00

[redacted]

The Parent's shares are not officially listed.

13.1 Reserves of the Parent

The detail at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Legal reserve	3,160	3,130
Voluntary reserves	-	(457)
	3,160	**2,673**

Legal reserve

Under the Spanish Limited Liability Companies Law, the Company must transfer 10% of net profit for each year to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose. [redacted]

At 2020 year-end the balance of this reserve had not reached the legally required minimum.

[redacted]

13.2 *Consolidation reserves, reserves of fully consolidated companies and of companies accounted for using the equity method*

The detail at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Consolidation reserves	**13,341**	**2,384**
Reserves of fully consolidated companies:		
Ijg Eteve, S.L.	100	132
Bosques Solares, S.L.U.	2,095	958
Idim Seguridad, S.L.	(5)	-
Solaer Uk Ltd.	1,900	1,906
Solaer USA, Llc	(138)	(94)
Perfect Sun Renewables, Ltd.	741	749
Jigg Fm Uk Ltd. and subsidiaries	(43)	(5)
Solaer Japan	35	(879)
Solaer España Energías Renovables, S.L.U.	(8,722)	(883)
Allende Solar, S.L.	40	32
Solaer Luz Autoconsumo, S.L.	-	-
Spanish SPVs	393	(25)
Japanese SPVs	(6)	(11)
UK SPVs	(5)	(27)
TGC Solar Carditch Drove, Ltd.	256	256
	(3,359)	**2,109**
Reserves of companies accounted for using the equity method:		
SolarGreen, S.A.S.	123	135
Padero Solaer, Inc. and subsidiaries	(308)	82
Sunit Sapi de CV	148	82
Urbe Energía, S.R.L.	83	85
Urbe Techno, S.R.L. and subsidiaries	288	259
Solaer El Salvador, S.A. de C.V.	13	13
Colombian SPVs	-	-
Libienergy SPVs	(9)	-
Sol del Pacífico, SPA	5	8
Associate Spanish SPVs	113	(2)
SUNNICA	(106)	(51)
	350	**611**

[redacted]

The consolidation reserves relate mainly to the elimination of dividends of the subsidiaries.

[redacted]

13.3 Contribution to consolidated profit or loss

The Group companies' contribution to consolidated profit or loss is as follows:

2020

	Thousands of Euros		
	Consolidated Net Profit (Loss)	Net Profit (Loss) Attributable to Non-Controlling Interests	Net Profit (Loss) Attributable to the Parent
Parent:			
Solaer Holding, S.L.	(208)	-	(208)
Fully consolidated companies:			
Solaer España Energías Renovables, S.L.U.	6,582	-	6,582
Bosques Solares, S.L.U.	79	-	79
Ijg Eteve, S.L.	(4)	-	(4)
Allende Solar, S.L.	5	-	5
Solaer Luz Autoconsumo, S.L.	1	-	1
Idim Seguridad, S.L.	(25)	(5)	(20)
PV Investments Sudinv, S.L.	(2)	-	(2)
Spanish SPVs	(7)	-	(7)
Italian SPVs	(135)	-	(135)
Solaer Japan	13	1	12
Japanese SPVs	(1)	-	(1)
Solaer Uk Ltd.	(59)	-	(59)
UK SPVs	(38)	-	(38)
Jigg Fm Uk Ltd. and subsidiaries	(4)	(1)	(3)
Perfect Sun Renewables, Ltd.	(52)	(21)	(31)
Solaer USA, Llc	(39)	-	(39)
Jigg Fm Us, Ltd.	(108)	(26)	(82)
FV Escalona Green, S.L. (*)	-	-	-
FV Escalona Gold, S.L. (*)	(1)	-	(1)
FV Escalona Energy, S.L. (*)	-	-	-
FV Arcicollar Green, S.L. (*)	(1)	-	(1)
Rencoba Energías Alternativas, S.L. (*)	37	-	37
Cartuja Solar, S.L. (*)	-	-	-
Albisparks, S.A. (*)	-	-	-
Gestión de Proyectos Solares, S.L. (*)	22	-	22
Solaer PV Energy, S.L. (*)	1	-	1
Solaer Clean Energy 2, S.L. (*)	25	-	25
Companies accounted for using the equity method:			
SolarGreen, S.A.S.	134	-	134
Urbe Energía, S.R.L.	78	-	78
Urbe Techno, S.R.L. and subsidiaries		-	
Solaer El Salvador, S.A. de C.V.	(2)	-	(2)
Pader Solaer, Inc. and subsidiaries	(229)	-	(229)
Colombian SPVs	-	-	-
SUNNICA	(62)	-	(62)
Libienergy SPVs	(5)	-	(5)
Sol del Pacífico, SPA	-	-	-
Sunit de Sapi de CV	(31)	-	(31)
Associate Spanish EIGs	(101)	-	(101)
Associate Spanish SPVs	(19)	-	(19)
	5,844	**(52)**	**5,896**

(*) Companies excluded from the scope of consolidation in 2020, see Note 2.3.

[redacted]

[redacted]

[redacted]

2019

	Thousands of Euros		
	Consolidated Net Profit (Loss)	Net Profit (Loss) Attributable to Non-Controlling Interests	Net Profit (Loss) Attributable to the Parent
Parent:			
Solaer Holding, S.L.	226	-	226
Fully consolidated companies:			
Solaer España Energías, S.L.U.	4,506	-	4,506
Bosques Solares, S.L.U.	2,006	-	2,006
Ijg Eteve, S.L.	(10)	-	(10)
Gestión de Proyectos Solares, S.L.	202	-	202
Rencoba Energías Alternativas, S.L.	(3)	-	(3)
Allende Solar, S.L.	2	-	2
Solaer Luz Autoconsumo, S.L.	-	-	-
Idim Seguridad, S.L.	(6)	(1)	(5)
Spanish SPVs	596	-	596
Italian SPVs	(5)	-	(5)
Solaer Japan	892	35	857
Japanese SPVs	-	-	-
Solaer Uk Ltd.	(6)	-	(6)
UK SPVs	-	-	-
TGC Solar Carditch Drove, Ltd.	(119)	-	(119)
Jigg Fm Uk Ltd. and subsidiaries	(62)	(12)	(50)
Perfect Sun Renewables, Ltd.	(18)	(5)	(13)
Solaer USA, Llc	(44)	-	(44)
Jigg Fm Us, Ltd.	-	-	-
Savitar Solaer Power Systems, Ltd. (*)	-	-	-
Gk Solaer 9 (*)	36	-	36
Gk Solaer 3 (*)	23	-	23
Gk Solaer 14 (*)	39	-	39
Gk Solaer 8 (*)	89	-	89
Solaer Clean Energy 3, S.L. (*)	(99)	-	(99)
Solaer Clean Energy 7, S.L. (*)	(151)	-	(151)
Solaer Clean Energy 5, S.L. (*)	(19)	-	(19)
Solaer Clean Energy 8, S.L. (*)	(271)	-	(271)
Ks Spain Park Gamma, S.L. (*)	(23)	-	(23)
Solaer Clean 10, S.L. (*)	-	-	-
Companies accounted for using the equity method:			
SolarGreen, S.A.S.	60	-	60
Urbe Energía, S.R.L.	21	-	21
Urbe Techno, S.R.L. and subsidiaries	29	-	29
Solaer El Salvador, S.A. de C.V.	(1)	-	(1)
Pader Solaer, Inc. and subsidiaries	(328)	-	(328)
Colombian SPVs	(2)	-	(2)
SUNNICA	(56)	-	(56)
Libienergy SPVs	(10)	-	(10)
Sol del Pacífico, SPA	(3)	-	(3)
Sunit de Sapi de CV	66	-	66
Associate Spanish SPVs	-	-	-
	7,557	**17**	**7,540**

(*) Companies excluded from the scope of consolidation in 2019, see Note 2.3.

[redacted]

[redacted]

13.4 Non-controlling interests

The balance of "Non-Controlling Interests" in the consolidated balance sheet reflects the interest of non-controlling shareholders in the fully consolidated companies. Also, the balance of "Profit (Loss) Attributable to Non-Controlling Interests" in the consolidated statement of profit or loss represents the share of non-controlling interests in the profit or loss for the year.

[redacted]

The changes in this heading in the consolidated balance sheet in 2020 were as follows:

Company	Thousands of Euros				
	Beginning Balance	Profit (Loss) for 2020 Attributable to Non-Controlling Interests	Translation Differences Attributable to Non-Controlling Interests	Other Changes	Ending Balance
IDIM Seguridad, S.L.	8	(5)	-	-	3
Perfect Sun Renewables, Ltd.	483	(21)	(27)	17	452
Jigg FM UK, Ltd.	(14)	(28)	-	(33)	(75)
Solaer Japan, K.K.	31	1	(16)	16	32
Solaer Luz Autoconsumo, S.L.	2	1	-	-	3
	510	**(52)**	**(43)**	**-**	**415**

13.5 Shareholder contributions

On 26 September 2018 the Parent obtained control of Solaer España Energías Renovables, S.L.U., with registered office in Motilla del Palancar (Cuenca), through a non-monetary contribution of all of the shares of the latter in a capital increase performed by the Parent of 5,417,000 shares of EUR 1 par value each and a share premium of EUR 0.4296 per new share.

The acquired assets and liabilities were measured at their carrying amount at the acquisition date to the extent that the directors consider that ruling 2 contained in ICAC Official Gazette no. 91 (BOICAC 91) applied since there has been no change of control of Solaer España Energías Renovables, S.L.U. because it continues to be controlled by the same shareholders. The difference between the carrying amount and the capital increase performed was recognised under "Shareholder Contributions" in equity in the amount of EUR 1,561 thousand.

In addition, on 28 June 2018 the subsidiary Bosques Solares, S.L.U. disposed of its entire investment in Desarrollos Solares Calcal, S.L., which accounted for 40% of the investee's share capital, to the related company Cuatreros y Adoptado, S.L. through the sale of 2,000 shares of EUR 1 par value each, at a price of EUR 547 thousand.

The assets and liabilities disposed of were measured at fair value at the sale date at EUR 184 thousand which represented a fair value of EUR 74 thousand for the investment. The difference between the carrying amount and the selling price of the investment was recognised under "Shareholder Contributions" in equity in the amount of EUR 473 thousand.

[redacted]

13.6 Translation differences

The detail of "Translation Differences" at 31 December 2020 and 2019 is as follows:

	Functional Currency	Thousands of Euros Gain/(Loss)	
		2020	2019
Solaer Japan, K.K.	Japanese yen	(270)	7
Solaer UK, Ltd.	Pounds sterling	118	128
Jigg Fm UK, Ltd.	Pounds sterling	1	(1)
Perfect Sun Renewables, Ltd.	Pounds sterling	(58)	(17)
Solaer USA, Llc.	US dollars	9	(6)
JIGG FM US, Ltd.	US dollars	(6)	-
SolarGreen, S.A.S.	Colombian pesos	36	(9)
Solaer El Salvador, S.A. de C.V.	Chilean pesos	(1)	1
Padero Solaer, Ltd.	Pounds sterling	47	(190)
Colombian SPVs	Colombian pesos	1	-
Sunnica, Ltd.	Pounds sterling	2	-
Sunit de Sapi de CV	Mexican pesos	(23)	11
		(144)	**(76)**

[redacted]

14. Non-current and current payables

The detail of "Non-Current Payables" and "Current Payables" at the end of 2020 and 2019 is as follows:

2020

	Thousands of Euros		
	Non-Current	Current	Total
Bank borrowings	12,269	5,938	18,207
Other financial liabilities	5,242	1,659	6,901
Total	**17,511**	**7,597**	**25,108**

[redacted]

2019

	Thousands of Euros		
	Non-Current	Current	Total
Bank borrowings	230	9,140	9,370
Other financial liabilities	87	5,702	5,789
Total	**317**	**14,842**	**15,159**

[redacted]

14.1 Bank borrowings

At 31 December 2020 and 2019, various banks had granted the Group the following loans, credit lines and reverse factoring facilities:

2020

Type of Financing	Limits	Thousands of Euros		
		Non-Current	Current	Total
Bank loans	-	12,269	2,697	14,966
Credit/discount facilities	14,925	-	3,241	3,241
Total		**12,269**	**5,938**	**18,207**

2019

Type of Financing	Limits	Thousands of Euros		
		Non-Current	Current	Total
Bank loans	-	230	144	374
Credit/discount facilities	12,500	-	8,996	8,996
Total		**230**	**9,140**	**9,370**

The financing arranged by the Group bears interest at fixed and floating market rates tied mainly to EURIBOR. The bank borrowings at the end of 2020 and 2019 are not subject to binding conditions concerning compliance with certain financial and equity ratios associated with either the Group's consolidated financial statements or the subsidiaries' separate financial statements. Both the loans received and a credit facility, with a limit of EUR 2,175 thousand, are secured by ICO (the Spanish Official Credit Institute). [redacted]

The Group also has reverse factoring lines totalling EUR 10.5 million.

At 31 December 2020 and 2019, the non-current payables matured as follows:

2020

	2022	2023	2024	Total
Bank loans	5,421	3,653	3,195	12,269
Total	**5,421**	**3,653**	**3,195**	**12,269**

[redacted]

2019

	2021	2022	2023	Total
Bank loans	145	85	-	230
Total	**145**	**85**	**-**	**230**

[redacted]

In addition, on 22 December 2020, the subsidiary Solaer España Energías Renovables, S.L. entered into a recourse factoring arrangement for EUR 22 million which had not been disposed of at 31 December 2020.

14.2 Other financial liabilities

The amount recognised at 31 December 2020 under "Non-Current Payables - Other Financial Liabilities" relates mainly to the consideration payable for the Group's acquisition of Alsemur Renovables, S.L. (see Note 6). In addition, the remaining amount recognised under "Current Payables - Other Financial Liabilities" relates to payables to third parties who hold the Group's PV plants for development, as well as the security deposits of the leases in which the Group acts as the lessor.

At 31 December 2019, the Group had recognised under "Current Payables - Other Financial Liabilities" mainly current payables of EUR 5,167 thousand arising from the financing by the potential customers of a PV plant that the Group had classified as work in progress. In 2020 the company holding that PV plant and, therefore, the financial liabilities was excluded from the scope of consolidation (see Note 2.3).

14.3 Disclosures on the average period of payment to suppliers

Set forth below are the disclosures required by Additional Provision Three of Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December), prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 on the disclosures to be included in notes to financial statements in relation to the average period of payment to suppliers in commercial transactions. [redacted]

	Days	
	2020	2019
Average period of payment to suppliers	33	21
Ratio of transactions settled	40	25
Ratio of transactions not yet settled	34	60

[redacted]

	Thousands of Euros	
	2020	2019
Total payments made	40,640	43,443
Total payments outstanding	18,844	2,047

In accordance with the ICAC Resolution, the average period of payment to suppliers in these consolidated financial statements was calculated by taking into account the commercial transactions relating to the supply of goods or services for which payment has accrued since the date of entry into force of Law 31/2014, of 3 December, although solely in respect of the fully consolidated companies located in Spain.

For the sole purpose of the disclosures provided for in the Resolution, suppliers are considered to be the trade creditors for the supply of goods or services included in "Payable to Suppliers", "Payable to Suppliers - Associates and Related Parties" and "Sundry Accounts Payable" under current liabilities in the consolidated balance sheet, relating solely to the Spanish consolidated companies.

"Average period of payment to suppliers" is taken to be the period that elapses from the delivery of the goods or the provision of the services by the supplier to the effective payment of the transaction.

[redacted]

15. Tax matters

15.1 Current tax receivables and payables

The detail of the current tax receivables and payables at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Assets:		
VAT	2,858	2,553
Other accounts receivable from public authorities	299	564
	3,157	**3,117**
Liabilities:		
Current tax liabilities	2	510
VAT	7	-
Personal income tax withholdings	251	95
Accrued social security taxes payable	151	119
Other accounts payable to public authorities	268	610
	679	**1,334**

[redacted]

15.2 Reconciliation of the accounting profit to the taxable profit

As indicated in Note 5.11, since 2019 the Group has filed consolidated income tax returns as part of tax group 515/19, made up of Solaer Holding, S.L., as the Parent, and of the Group companies indicated in Appendix 4, as subsidiaries.

The other companies file individual income tax returns since they are all foreign or Spanish companies in which the ownership interest is less than 75%, which is below the threshold required by current tax legislation to form a tax group, or companies which were acquired or disposed of in 2019, thereby not meeting the requirements to file consolidated tax returns throughout the tax period.

For each of the companies in the consolidated tax group the income tax for each year is calculated on the basis of accounting profit (loss) determined by application of generally accepted accounting principles, which does not necessarily coincide with taxable profit (tax loss).

Although the parent of tax group 515/19 files the group's consolidated income tax returns, the various companies that make up the group also file their own individual income tax returns.

The reconciliation of the accounting profit for 2020 and 2019 to the estimated taxable profit for income tax purposes is as follows:

[redacted] [redacted] [redacted]

2020

	Profit or loss		
	Increase	(Decrease)	Total
Consolidated profit for the year before tax			**8,201**
Share of profits of companies accounted for using the equity method			237
Consolidation adjustments			13,170
Profit before tax of Spanish companies in tax group 515/19			**22,535**
Loss before tax of Japanese companies			**(44)**
Loss before tax of other companies			**(288)**
Permanent differences	**9**	**(14,201)**	**(14,192)**
- of the Spanish individual companies in tax group 515/19 (25%)	9	(14,201)	(14,192)
Temporary differences		**(513)**	**(513)**
- of the Spanish individual companies in tax group 515/19 (25%)		(513)	(513)
Taxable profit of Spanish companies in tax group 515/19			**7,830**
Tax loss of Japanese companies			**(44)**
Tax loss of other companies			**(288)**
Gross tax payable at 25% (Spain)			**1,958**
Less - Tax credits			(488)
Estimated net tax payable			**1,470**
Less - Tax withholdings and pre-payments			(1,468)
Income tax payable/(refundable)			**2**

[redacted]

[redacted]

[redacted]

2019

	Profit or loss		
	Increase	(Decrease)	Total
Consolidated profit for the year before tax			**9,738**
Share of profits of companies accounted for using the equity method			224
Consolidation adjustments			3,016
Profit before tax of Spanish companies in tax group 515/19			**12,223**
Profit before tax of Japanese companies			**718**
Profit before tax of other companies			**37**
Permanent differences	**10**	**(4,236)**	**(4,226)**
- of the Spanish individual companies in tax group 515/19 (25%)	10	(4,236)	(4,226)
Temporary differences	**927**	**(853)**	**74**
- of the Spanish individual companies in tax group 515/19 (25%)	731	(687)	44
- of the Japanese individual companies (15%)	196	(166)	30
Taxable profit of Spanish companies in tax group 515/19			**8,041**
Taxable profit of Japanese companies			**748**
Taxable profit of other companies			**37**
Gross tax payable at 25% (Spain)			**2,010**
Gross tax payable at 15% (Japan)			**112**
Gross tax payable of other companies			**77**
Less - Tax credits			-
Estimated net tax payable			**2,199**
Less - Tax withholdings and pre-payments			(1,689)
Income tax payable/(refundable)			**510**

[redacted]

Consolidation adjustments:

The consolidation adjustments relate mainly to the elimination of dividends, gains/losses on the sale of subsidiaries and the margins on work in progress by Group companies in the consolidation process.

Permanent differences–

The permanent differences relate mainly to non-tax-deductible recognised expenses (fines and penalties), and the exemption of dividends and gains on the transfer of eligible investees received in the year.

[redacted]

[redacted]

15.3 Reconciliation of the accounting profit to the income tax expense

The reconciliation of the accounting profit to the income tax expense is as follows:

2020

	Thousands of Euros 2020
Accounting profit before tax	8,201
Share of profits of companies accounted for using the equity method	237
Consolidated profit of fully consolidated companies	**7,964**
Consolidation adjustments	**13,170**
Taxable profit (loss) before offset of tax losses	**22,535**
- of the Spanish individual companies in tax group 515/19	22,535
- of the Japanese individual companies	(44)
- of the other companies	(288)
Permanent differences	**(14,192)**
- of the Spanish individual companies in tax group 515/19	(14,192)
Base of the income tax expense at 25% of the Spanish individual companies in tax group 515/19	2,086
Base of the income tax expense at 15% of the Japanese companies	-
Base of the income tax expense of the other companies	-
Tax savings of economic interest groupings	175
Other changes	96
Total income tax expense for 2020	**2,357**

[redacted]

2019

	Thousands of Euros 2019
Accounting profit before tax	9,738
Share of profits of companies accounted for using the equity method	224
Consolidated profit of fully consolidated companies	**9,514**
Consolidation adjustments	**3,016**
Taxable profit before offset of tax losses	**12,978**
- of the Spanish individual companies in tax group 515/19	12,223
- of the Japanese individual companies	718
- of the other companies	37
Permanent differences	**(4,226)**
- of the Spanish individual companies in tax group 515/19	(4,226)
Base of the income tax expense at 25% of the Spanish individual companies in tax group 515/19	1,999
Base of the income tax expense at 15% of the Japanese companies	108
Base of the income tax expense of the other companies	74
Less tax credits and tax relief	-
Total income tax expense for 2019	**2,181**

[redacted]

[redacted]

The breakdown of the income tax expense for 2020 and 2019 is as follows:

2020

	Thousands of Euros 2020
Taxable profit of tax group 515/19 (25%)	1,958
Taxable profit of Japanese companies (15%)	-
Taxable profit of other companies	-
Current expense (I)	**1,958**
Tax effect of temporary differences	128
Deferred expense (II)	**128**
Other adjustments to tax (III)	**271**
Total expense/(benefit) (I+II+III)	**2,357**

[redacted]

2019

	Thousands of Euros 2019
Taxable profit of tax group 515/19 (25%)	2,010
Taxable profit of Japanese companies (15%)	112
Taxable profit of other companies	77
Current expense (I)	**2,199**
Tax effect of temporary differences	(16)
Deferred expense (II)	**(16)**
Other adjustments to tax (III)	**(2)**
Total expense/(benefit) (I+II+III)	**2,181**

15.4 Deferred tax assets

The changes in "Deferred Tax Assets" recognised in the consolidated balance sheet as at 31 December 2020 were as follows: [redacted]

	Thousands of Euros			
	Beginning Balance	Increase	(Decrease)	Ending Balance
Tax loss carryforwards	76	-	-	76
Elimination of margin on inventories	128	-	(128)	-
Tax credit carryforwards	-	24	-	24
Other	15	24	-	39
	219	**48**	**(128)**	**139**

[redacted]

The Group had tax loss carryforwards totalling EUR 76 thousand at 31 December 2020 and 2019 corresponding mainly to the Parent and the subsidiary Ijg Etve, S.L.

The Group does not have any unrecognised tax loss or tax credit carryforwards.

15.5 Years open for review and tax audits

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. In any case, tax assets may be audited by the tax authorities in the ten years from the date on which they are generated, even if they were generated in statute-barred years.

At 2020 year-end the Parent had the last four years open for review for all the taxes applicable to it. The tax authorities may also audit the tax loss carryforwards from the last ten years. Since the tax regulations applied by the Group companies may be interpreted differently or challenged by the tax authorities and courts, certain contingent liabilities might arise for the years open for review that cannot be quantified objectively. In any case, the Parent's directors consider that the likelihood of contingent liabilities significantly affecting the consolidated financial statements is remote.

The Parent's directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, such liabilities as might arise would not have a material effect on the accompanying consolidated financial statements.

The years open for review by the tax authorities for the main taxes vary for the various consolidated companies depending on the tax legislation in each jurisdiction, taking into account their respective statute of limitations periods.

[redacted]

In the other jurisdictions in which the Solaer Group has a significant presence, the statute of limitations periods for the taxes are as follows:

Statute of Limitations for Taxes	Years
UK	4
United States	3
Japan and Colombia	4

[redacted]

[redacted]

16. Income and expenses

16.1 Revenue

The detail, by line of business and geographical market, of the Group's revenue for 2020 and 2019 is as follows:

Line of Business	Thousands of Euros	
	2020	2019
Development and construction of solar PV farms	63,831	60,446
Operation and maintenance and other	6,242	3,423
	70,073	**63,869**

Geographies	Thousands of Euros	
	2020	2019
Spain	68,106	61,470
Rest of Europe	1,925	55
Asia	33	2,276
America	9	68
	70,073	**63,869**

[redacted]

16.2 Procurements

The detail of "Procurements" in the consolidated statements of profit or loss for 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Procurements:		
Purchases of raw materials and other consumables	46,357	44,646
Changes in inventories of materials	(349)	583
Work performed by other companies	10,026	7,485
	56,034	**52,714**

[redacted]

16.3 Detail of purchases by origin

The detail, by origin, of the purchases recognised under "Procurements - Cost of Raw Materials and Other Consumables Used" and made by the Group in 2020 and 2019 is as follows:

2020

	Thousands of Euros		
	Spain	EU Countries	Non-EU Countries
Purchases of raw materials and other consumables	39,863	4,605	1,889

[redacted]

2019

	Thousands of Euros		
	Spain	EU Countries	Non-EU Countries
Purchases of raw materials and other consumables	38,445	1	6,200

16.4 Staff costs

The detail of "Staff Costs" in 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Wages and salaries:	3,090	3,025
Employee benefit costs:		
Social security costs	987	852
Other employee benefit costs	59	79
	4,136	**3,956**

[redacted]

16.5 Outside services

The detail of "Outside Services" in the consolidated statement of profit and loss for 2020 is as follows:

	Thousands of Euros	
	2020	2019
Research and development expenditure	-	22
Rent and royalties (Note 8)	1,111	989
Repair and upkeep	68	79
Independent professional services	5,964	4,013
Transport and freight costs	48	205
Insurance premiums	357	408
Banking and similar services	398	194
Advertising and publicity	28	26
Utilities	370	368
Other services	2,936	3,011
	11,280	**9,315**

[redacted]

The expenses under "Independent Professional Services" that the Group incurs are related mainly to sales advisory services and the intermediation of engaged independent professionals associated with the construction projects undertaken by the Group.

[redacted]

17. Related party transactions and balances

17.1 Related party transactions

The detail of the transactions with related parties in 2020 and 2019 is as follows:

Company	Thousands of Euros			
	2020		2019	
	Income	Expense	Income	Expense
Padero Solaer, Ltd. (1)	-	-	268	-
Solargreen, S.A.S. (1)	-	-	186	-
Los Leandros Solares, S.L. (2)	5	4	21	4
Cecu Solar, S.L. (2)	9	4	26	4
Cuatreros y Adoptado, S.L. (2)	3	-	-	-
Bafi Consulting SLNE (2)	7	4	127	4
Gesfiner Alzira, S.L. (2)	-	-	5	-
Juncasa Logística (2)	-	-	3	-
Instal. Energéticas Ortisol, S.L. (2)	-	-	3	-
Daroca Solar, S.L. (2)	28	-	4	11
Desarrollos Solares Calcal, S.L. (2)	-	-	-	146
	52	**12**	**643**	**169**

(1) Associate
(2) Company related to the shareholders

[redacted]

17.2 Related party balances

The detail of the related party balances under assets in the consolidated balance sheets as at 31 December 2020 and 2019 is as follows:

[redacted]

[redacted]

	Thousands of Euros	
	2020	2019
Long-term loans to associates	**4,825**	**4,849**
Padero Solaer, Ltd. (1)	1,617	3,022
Perfect Sun Renewables, Inc. (1)	141	106
Sunnica Sunit, Ltd (1)	3,067	1,720
Other	-	1
Receivables from associates and related companies (Note 12)	**1,520**	**1,219**
Solargreen, S.A.S. (1)	10	365
Padero Solaer, Ltd. (1)	553	373
Sol del Pacífico, S.P.A. (1)	178	-
Spanish SPVs (1)	710	-
Other	69	481
Short-term loans to associates and related companies	**4,586**	**4,296**
Current accounts with shareholders	-	1
Atarsolar (2)	77	1,154
Palmira Real Estate (2)	31	55
Cuatreros y Adoptado (2)	78	475
Barranquilla (2)	14	-
Generación Jerez Foton (2)	1	-
AyC Homes Club Deal (2)	1	176
Solaer Clean Energy 4 (2)	-	-
Residencia Aynadamar (2)	-	1,037
Sol del Pacífico, SPA (1)	617	784
Solargreen (1)	-	216
Bafi Consulting (2)	452	16
KS Spain Park Gamma (2)	320	299
Rencoba Energías Alternativas, S.L. (1)	802	-
Padero Solaer, Ltd. (1)	1,705	-
Activo Solar, S.L. (1)	150	-
Other	338	83

(1) Associate.
(2) Company related to the shareholders.

[redacted]

Long-term loans to associates

On 8 March 2017, SOLAER UK granted a credit account for a maximum of GBP 2,000 thousand to the related company PADERO SOLAER, of which a total of EUR 1,617 thousand had been drawn down at 31 December 2020 (31 December 2018: EUR 1,707 thousand). From that date, the principal and accrued interest (interest rate of 2.5%) must be repaid within five years in instalments as the projects carried out jointly in the United States with the related company PADERO SOLAER generate positive cash returns since the origin of the credit account is the development of projects in the United States. [redacted]

On 18 September 2018, JIGG FM UK Ltd granted a credit account for a maximum of GBP 2,000 thousand to the related company SUNNICA Ltd, of which a total of EUR 3,067 thousand had been drawn down at 31 December 2020 (31 December 2019: EUR 1,720 thousand). From that date, the principal and interest accrued (interest rate of 4%) must be repaid in full to JIGG FM UK Ltd. within five years. During this period of time, the SUNNICA project will execute the development phase and be ready to start construction.

[redacted]

Short-term loans to associates and related companies

On 23 September 2020, Bosques Solares, S.L.U. granted financing to the subsidiary Padero Solaer, Ltd amounting to EUR 350 thousand which is expected to be realised in the short term.

In 2019 Bosques Solares, S.L.U. granted financing of EUR 299 thousand to KS Spain Park Gamma, S.L., to fund the construction of a PV plant. This amount was increased to EUR 320 thousand in 2020.

On 10 February 2016 PERFECT SUN RENEWABLES Ltd granted a credit account for a maximum of GBP 2,500 thousand to the related company PADERO SOLAER, of which a total of EUR 1,355 thousand had been drawn down at 31 December 2020 (31 December 2019: EUR 1,314 thousand). From that date, the principal and accrued interest (interest rate of 2.5%) must be repaid within four years in instalments as the projects carried out jointly in the UK with the related company PADERO SOLAER generate positive cash returns since the origin of the credit account is the development of projects in the UK. The Group expects this loan to be repaid in the first half of 2021.

The detail of the related party balances under liabilities in the consolidated balance sheets as at 31 December 2020 and 2019 is as follows:

[redacted]

	Thousands of Euros	
	2020	2019
Non-current payables to associates and related companies	**82**	**70**
Loan to Sunnica LTD (1)	-	-
Padero loan (1)	82	-
Metoo loan (1)	-	-
Other	-	70
Non-current payables to associates and related companies	**14,258**	**2,186**
Dividend payable (shareholders)	13,462	2,118
Padero Solaer, Ltd. (1)	71	-
Spanish SPVs	550	
Solargreen, S.A.S.	63	
Other	112	68
Payable to suppliers - associates	**50**	**250**
Bafi Consulting, S.L. (2)	34	51
Los Leandros Solares, S.L. (2)	15	56
Cecu Solar, S.L. (2)	1	10
Other	-	133

(1) Associate
(2) Company related to the shareholders

[redacted]

[redacted]

17.3 Remuneration of directors and senior executives

The breakdown of the remuneration received in 2020 and 2019 by the directors is as follows:

	Thousands of Euros	
	Salaries, attendance fees and other remuneration	
	2020	2019
Directors	15	15

At the date of authorisation for issue of the consolidated financial statements the Group did not have any pension fund or other similar obligations to former or current members of its Board of Directors. Similarly, it had not assumed any guarantee commitments on their behalf.

The amount paid in 2020 in relation to the premium for third-party liability insurance taken out for the Parent's directors for damage arising from acts or omissions was EUR 29 thousand.

[redacted]

The directors consider senior executives to be persons who perform functions relating to the Group's general objectives, such as planning, management and control of the activities, and who carry out their duties independently and with full responsibility, only limited by the criteria and instructions of the Parent's legal owners or the governing and management bodies representing those owners. Since the strategic decisions and business operations are directed and controlled by the shareholders, the Parent does not have any employees who could be considered to be senior executives according to the above definition. Such duties are carried out by the members of the Board and they do not receive any remuneration for discharging them.

17.4 Information regarding situations of conflict of interest involving the directors

At the end of 2020 and 2019 the Parent's directors had not notified the shareholders at a General Meeting of any direct or indirect conflict of interest that they or persons related to them, as defined in the Spanish Limited Liability Companies Law, might have with respect to the Group.

[redacted]

18. Other disclosures

18.1 Employees

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

	2020	2019
Directors	3	3
Management	4	4
Clerical staff	22	14
University graduates	3	3
Line personnel	75	68
Manual workers	6	7
	113	**99**

Also, the headcount at the end of 2020 and 2019, by category and gender, was as follows:

[redacted]

	2020		2019	
	Men	Women	Men	Women
Directors	3	-	3	-
Management	4	-	4	-
Clerical staff	7	15	5	12
University graduates	2	2	1	2
Line personnel	83	8	68	5
Manual workers	6	1	7	1
	105	**26**	**88**	**20**

In 2020 and 2019, the Group had one male employee with a disability equal to or greater than 33%.

18.2 Fees paid to auditors

In 2020 the fees for financial audit services amounted to EUR 85,000 (2019: EUR 81,500). In 2020 and 2019 neither the auditor nor the companies related to the auditor as a result of a relationship of control, common ownership or common management billed the Parent for any professional service other than financial audit services.

18.3 Guarantee commitments to third parties

At 31 December 2020, the Group had been provided guarantees by various banks to meet the obligations associated with its activities totalling EUR 19,356 thousand (31 December 2019: EUR 10,797 thousand).

In addition, the Group companies Solaer España Energías Renovables, S.L.U. and Bosques Solares, S.L.U. act as joint and several guarantors of the credit facilities granted by banks to the related companies Bafi Consulting, S.L., Los Leandros Solares, S.L. and Cecu Solar, S.L. in the amount of EUR 667 thousand, EUR 333 thousand and EUR 333 thousand, respectively. [redacted]

Based on the agreements entered into with various banks, EUR 1,819 thousand recognised under "Non-Current Financial Assets" are provided as guarantees to secure compliance with the guarantees provided by the banks (see Note 10.1).

According to the Parent's directors, no significant liabilities are expected to arise for the Group in relation to these guarantees.

19. Events after the reporting period

No events took place after the reporting period that could have a significant impact on these consolidated financial statements. [redacted]

20. Segment reporting

The segment reporting is structured according to the Group's different business units and is based on the management information prepared by the consolidated companies. In this respect, the Parent's management has determined that all the Group's business activities come under a single business unit engaged in the design of renewable energy installation projects and the performance of the work required for that purpose; environmental quality management, and the development, operation, upkeep and maintenance of solar PV farms. For that reason, since there is only one segment, these consolidated financial statements do not include any disclosures on any other activity segments.

[redacted]

21. Explanation added for translation to English

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 3.1). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

[redacted]

[redacted]

[redacted]

Appendix 1: Subsidiaries included in the scope of consolidation

Company	Line of Business	Registered Office	Percentage of Ownership	
			Direct	Indirect
Group companies:				
Solaer Holding, S.L. (1)	Holding company	Madrid - Spain		
Solaer España Energías Renovables, S.L.U. (1)	Design, development, construction and maintenance of solar PV farms	Cuenca - Spain	100%	
Bosques Solares, S.L.U. (1)	Design, development, construction and maintenance of solar PV farms	Asturias - Spain	100%	
Ijg Eteve, S.L.	Holding company of foreign subsidiaries	Asturias - Spain	100%	
Allende Solar, S.L.	Insurance brokerage	Asturias - Spain	100%	
Solaer Luz Autoconsumo, S.L.	Development and operation of solar PV farms and sale of electricity	Madrid - Spain	60%	
Idim Seguridad, S.L. (3)	Private security activities	Madrid - Spain		80%
PV Investments Sudinv, S.L. (2)	Financial services	Cuenca - Madrid		100%
Solaer Japan (2) (9)	Design, development, construction and maintenance of solar PV farms	Tokyo - Japan		95%
Solaer UK Ltd. (2) (9)	Design, development, construction and maintenance of solar PV farms	Aylesbury - England		100%
Jigg FM UK Ltd. (4) (5) (9)	Design, development, construction and maintenance of solar PV farms	Aylesbury - England		76%
Perfect Sun Renewables, Ltd. (4) (9)	Design, development, construction and maintenance of solar PV farms	Aylesbury - England		60%
Solaer USA, Llc (6)	Design, development, construction and maintenance of solar PV farms	Houston - US		100%
Jigg FM US Ltd. (7) (8)	Design, development, construction and maintenance of solar PV farms	US		76%
Spanish SPVs:				
Castesolar Fotovoltaica, S.L.	Development and operation of solar PV farms and sale of electricity	Asturias - Spain		100%
Energías Renovables Jungla Verde, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Energías Renovables Pergamino, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Energías Renovables Selva Azul, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	[redacted]
Fotovoltaica Ave Fénix, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Tigre Blanco, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Atlantis, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Varadero, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica La Bicicleta, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Vertebrados, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Bangkok, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Biskek, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Puerto Lumbreras Silver, S.L.	Rental, leasing and finance lease	Asturias - Spain	100%	
Fotovoltaica Puerto Lumbreras Green, S.L.	Rental, leasing and finance lease	Asturias - Spain	100%	

[redacted]

[redacted]

Fotovoltaica Solaer Litio, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Solaer Platino, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Yamena, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Guasolar Fotovoltaica, S.L.	Development and operation of solar PV farms and sale of electricity	Asturias - Spain		100%
Invest Solut Mexico Alfa, S.L.	Intermediation in the provision of engineering services	Madrid - Spain		100%
Ks Spain Park Alfa, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Ks Spain Beta, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Ks Spain Park Epsilon, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Ks Spain Park Zeta, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Ks Spain Theta, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	[redacted]
Promociones Corredore y Amigos, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Pv Solaer Gold, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Solaer Clean Energy 6, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Solaer Clean Energy 9, S.L.	Development and operation of solar PV farms and sale of electricity	Asturias - Spain	100%	
Solaer Clean Energy 1, S.L. (2)	Development and operation of solar PV farms and sale of electricity	Madrid - Spain		100%
Solaer Energías La Perla Escarlata, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Solaer Energías Renovables Cascabel, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Solaer Energías Luminiscencia, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Solaer FV Alejandrita, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	[redacted]
Solaer Renewables, S.L.	Development and operation of solar PV farms and sale of electricity	Asturias - Spain	100%	
Solaer Renewable Resources, S.L. (2)	Development and operation of solar PV farms and sale of electricity	Asturias - Spain		100%
Solaer Thita Energy, S.L. (2)	Development and operation of solar PV farms and sale of electricity	Asturias - Spain		100%
Solaer Investment Solutions Mexico Alfa, S.L. (2)	Intermediation in the provision of engineering services	Madrid - Spain		100%
Solaer Investment Solutions Alfa, S.L. (2)	Intermediation in the provision of engineering services	Madrid - Spain		100%
Spiritu Solar, S.L. (2)	Development and operation of solar PV farms and sale of electricity	Asturias - Spain		100%
Tara FV Solar, S.L. (2)	Development and operation of solar PV farms and sale of electricity	Asturias - Spain		100%
Fotovoltaica Solaer Renovables, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Solaer Energías Renovables La Trucha, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Alsemur Renovables, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	100%	

[redacted]

Solaer Clean Energy 3, S.L.	Development and operation of solar PV farms and sale of electricity	Madrid - Spain	100%	
Proyectos y Desarrollos Solares del Levante, S.L. (2)		Cuenca - Spain		100%
Italian SPVs:				
Solaer Clean Energy Italy 01, S.R.L. (3)	Development and operation of solar PV farms and sale of electricity	Gallarate - Italy		100%
Solaer Clean Energy Italy 02, S.R.L. (3)	Development and operation of solar PV farms and sale of electricity	Gallarate - Italy		100%
Solaer Clean Energy Italy 03, S.R.L. (3)	Development and operation of solar PV farms and sale of electricity	Gallarate - Italy		100%
Solaer Clean Energy Italy 04, S.R.L. (3)	Development and operation of solar PV farms and sale of electricity	Gallarate - Italy		100%
Solaer Clean Energy Italy 05, S.R.L. (3)	Development and operation of solar PV farms and sale of electricity	Gallarate - Italy		100%
Solaer Clean Energy Italy 06, S.R.L. (3)	Development and operation of solar PV farms and sale of electricity	Gallarate - Italy		100%
Solaer Clean Energy Italy 07, S.R.L. (3)	Development and operation of solar PV farms and sale of electricity	Gallarate - Italy	[redacted]	100%
Solaer Clean Energy Italy 08, S.R.L. (3)	Development and operation of solar PV farms and sale of electricity	Gallarate - Italy	[redacted]	100%
Solaer Clean Energy Italy 10, S.R.L. (3)	Development and operation of solar PV farms and sale of electricity	Gallarate - Italy	[redacted]	100%
Solaer Clean Energy Italy 11, S.R.L. (3)	Development and operation of solar PV farms and sale of electricity	Gallarate - Italy	[redacted]	100%
Solaer Clean Energy Italy 12, S.R.L. (3)	Development and operation of solar PV farms and sale of electricity	Gallarate - Italy	[redacted]	100%
Solaer Clean Energy Italy 13, S.R.L. (3)	Development and operation of solar PV farms and sale of electricity	Gallarate - Italy	[redacted]	100%
Solaer Clean Energy Italy 14, S.R.L. (3)	Development and operation of solar PV farms and sale of electricity	Gallarate - Italy		100%
Japanese SPVs:				
Gk Solaer Dos (3)	Development and operation of solar PV farms and sale of electricity	Tokyo - Japan		100%
Gk Solaer Siete (3)	Development and operation of solar PV farms and sale of electricity	Tokyo - Japan	[redacted]	100%
Gk Solaer Cinco (3)	Development and operation of solar PV farms and sale of electricity	Tokyo - Japan	[redacted]	100%
Gk Bosques Japan 1 (3)	Development and operation of solar PV farms and sale of electricity	Tokyo - Japan	[redacted]	100%
Gk Bosques Japan 2 (3)	Development and operation of solar PV farms and sale of electricity	Tokyo - Japan		100%
Gk Bosques Japan 3 (3)	Development and operation of solar PV farms and sale of electricity	Tokyo - Japan		100%
Gk Bosques Japan 4, S.L. (3)	Development and operation of solar PV farms and sale of electricity	Tokyo - Japan		100%
Gk Bosques Japan 5 (3)	Development and operation of solar PV farms and sale of electricity	Tokyo - Japan		100%
Gk Bosques Japan 6 (3)	Development and operation of solar PV farms and sale of electricity	Tokyo - Japan		100%
Gk Bosques Japan 7 (3)	Development and operation of solar PV farms and sale of electricity	Tokyo - Japan		100%
Gk Bosques Japan 8 (3)	Development and operation of solar PV farms and sale of electricity	Tokyo - Japan		100%
Gk Bosques Japan 9 (3)	Development and operation of solar PV farms and sale of electricity	Tokyo - Japan		100%

[redacted]

Gk Bosques Japan 10 (2)	Development and operation of solar PV farms and sale of electricity	Tokyo - Japan		100%
UK SPVs:				
WSE Afon Llan, Ltd. (9)	Development and operation of solar PV farms and sale of electricity	Aylesbury - England		100%
Custodian Energy, Ltd. (9)	Development and operation of solar PV farms and sale of electricity	Aylesbury - England		100%
One Planet Solar Farm, Ltd. (9)	Development and operation of solar PV farms and sale of electricity	Aylesbury - England		100%

(1) Companies audited by Deloitte at 2020 year-end
(2) Indirect ownership interest through Solaer España Energías Renovables, S.L.U.
(3) Indirect ownership interest through Bosques Solares, S.L.U.
(4) Indirect ownership interest through Solaer UK, Ltd.
(5) Indirect ownership interest through Padero Solaer, Ltd.
(6) Indirect ownership interest through IJG ETVE, S.L.
(7) Indirect ownership interest through Solaer USA
(8) Indirect ownership interest through Perfect Sun Renewables USA
(9) Indirect ownership interest through Padero Solaer, Ltd.

[redacted]

[redacted]

[redacted]

Appendix 2: Jointly controlled entities and associates included in the scope of consolidation

Company	Line of Business	Registered Office	Effective ownership interest
Jointly controlled entities and associates			
Solargreen S.A.S. (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
Urbe Energía, S.R.L. (1)	Development and operation of solar PV farms and sale of electricity	Bari - Italy	50%
Urbe Techno, S.R.L. (1)	Design, development, construction and maintenance of solar PV farms	Bari - Italy	50%
Solaer El Salvador, S.A. de C.V. (2)	Design, development, construction and maintenance of solar PV farms	El Salvador	50%
Padero Solaer Inc. (1)	Design, development, construction and maintenance of solar PV farms	Aylesbury - England	60%
PS Renewables, Inc. (3)	Maintenance of solar PV farms	Delaware - US	60%
Psh Holdings, Ltd. (3)	Maintenance of solar PV farms	Colchester - England	31%
PSH Operations (4)	Maintenance of solar PV farms	Colchester - England	31%
North Carolina Renewable Energy (5)	Development and operation of solar PV farms and sale of electricity	North Carolina - US	31%
SUNNICA (7)	Development and operation of solar PV farms and sale of electricity	Aylesbury - England	39%
Sol del Pacífico, SPA	Development and operation of solar PV farms and sale of electricity	Chile	60%
Sunit Sapi de Cv (8)	Design, development, construction and maintenance of solar PV farms	Mexico City - MX	44%
Siente la Música, AIE (2)	Production, promotion and exhibition of audiovisual works	Cádiz - Spain	75%
Leeman Producciones, AIE (2)	Production, promotion and exhibition of audiovisual works	Madrid - Spain	84%
La Gira del Barrio, AIE (2)	Production, promotion and exhibition of audiovisual works	Cádiz - Spain	27%
Colombian SPVs:			
BOSQUES SOLARES DE BOLIVAR 500 SAS ESP (6)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
BOSQUES SOLARES DE BOLIVAR 501 SAS ESP (6)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
BOSQUES SOLARES DE BOLIVAR 502 SAS ESP (6)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
BOSQUES SOLARES DE BOLIVAR 503 SAS ESP (6)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
BOSQUES SOLARES DE BOLIVAR 504 SAS ESP (6)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
BOSQUES SOLARES DE BOLIVAR 505 SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%

[redacted]

[redacted]

[redacted]

BOSQUES SOLARES DE BOLIVAR 506 SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
BOSQUES SOLARES DE BOLIVAR 507 SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
BOSQUES SOLARES DE BOLIVAR 508 SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
BOSQUES SOLARES DE BOLIVAR 509 SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
AMANECER SOLAR DE COLOMBIA SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
BOSQUES SOLARES DE LOS LLANOS 6 SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
BOSQUES SOLARES DE LOS LLANOS 7 SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
COSTEÑA FOTOVOLTÁICA SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
ELECTROCARIBE SOLAR SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	[redacted] 50%
EPM SOLAR SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
BOSQUES SOLARES DE COLOMBIA SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
BOSQUES SOLARES DE COLOMBIA 1 SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
BOSQUES SOLARES DE COLOMBIA 2 SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
BOSQUES SOLARES DE COLOMBIA 3 SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	[redacted] 50%
BOSQUES SOLARES DE COLOMBIA 4 SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
BOSQUES SOLARES DE COLOMBIA 5 SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
BOSQUES SOLARES DE COLOMBIA 6 SAS ESP (1)	Development and operation of solar PV farms and sale of electricity	Medellín - Colombia	50%
Libienergy SPVs:			
Libienergy Blue, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	50%
Libienergy Del Este, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	50%
Libienergy Energías, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	50%
Libienergy de Fotovoltaica, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	50%
Libienergy Ex Solar, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	50%
Libienergy Golden, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	50%
Libienergy Green, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	50%
Libienergy Del Noreste, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	50%

[redacted]

Libienergy Del Norte, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	50%
Libienergy Platinum, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	50%
Libienergy Siglo XX, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	50%
Libienergy Siglo XXI, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	50%
Libienergy Silver, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	50%
Libienergy Del Sureste, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	50%
Libienergy Zelena, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	50%
Libienergy Del Sur, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	[redacted] 50%
Libienergy Mt Renovables, S.L.	Development and operation of solar PV farms and sale of electricity	Albacete - Spain	50%
Spanish associates' SPVs:			
Fotovoltaica La Nebulosa, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	53%
Fotovoltaica Júpiter, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	53%
Fotovoltaica Marruecos, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	53%
Fotovoltaica Polo Norte, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	53%
Solaer Energías Bahía Blanca, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	[redacted] 50%
FV Arcicollar Gold, S.L.	Development and operation of solar PV farms and sale of electricity	Asturias - Spain	53%
FV Puerto Lumbreras Gold, S.L.	Development and operation of solar PV farms and sale of electricity	Asturias - Spain	53%
FV Puerto Lumbreras Solar, S.L.	Development and operation of solar PV farms and sale of electricity	Asturias - Spain	53%
FV Puerto Lumbreras Energy, S.L.	Development and operation of solar PV farms and sale of electricity	Asturias - Spain	53%
Fotovoltaica El Glaciar, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	50%
Fotovoltaica Girasol, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	50%
Fotovoltaica Monte Olimpo, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	50%

(1) Indirect ownership interest through Bosques Solares, S.L.U.
(2) Indirect ownership interest through Solaer España Energías Renovables, S.L.U.
(3) Indirect ownership interest through Padero Solaer, Ltd.
(4) Indirect ownership interest through PSH Holding
(5) Indirect ownership interest through PS Renewables, Inc.
(6) Indirect ownership interest through SolarGreen, SAS
(7) Indirect ownership interest through JIGG FM, UK
(8) Indirect ownership interest through IJG ETVE, S.L.

[redacted]

Appendix 3: Subsidiaries, jointly controlled entities and associates excluded from the scope of consolidation

Company	Line of Business	Registered Office	Percentage of Ownership	
			Direct	Indirect
Group companies:				
SOLAER USA NM ACR (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US		100%
SOLAER USA NM ACR II (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US		100%
SOLAER USA NM ACR III (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US		100%
MOCTEZUMA (2)	Design, development, construction and maintenance of solar PV farms	Mexico City - MX		100%

(1) Indirect ownership interest through Solaer USA.
(2) Indirect ownership interest through IJG ETVE, S.L.

[redacted]

Company	Line of Business	Registered Office	Effective ownership interest
Jointly controlled entities and associates			
Beaver Solar Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Brickyard 3, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Cheraw Solar 1, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Cheraw Solar 2, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Delaware 1, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Delaware 2, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
DW Solaer, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Flaggy Run 1, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Flaggy Run 2, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Flagpole Solar, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Maple Creek PS Solar, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Ruby Solar Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Salem Road Solar 1, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Salem Road Solar 2, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Psr 501, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%

[redacted]

[redacted]

Psr 505-nc, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Psr 507-nc, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Psr 508-nc, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Psspv24, Llc (2) (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Scout Solar, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware – US	60%
Watson, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Brickyard Solar 1, Llc (1)	Development and operation of solar PV farms and sale of electricity	South Carolina - US	31%
Brickyard Solar 2, Llc (1)	Development and operation of solar PV farms and sale of electricity	South Carolina - US	31%
Cash Road Solar 1, Llc (1)	Development and operation of solar PV farms and sale of electricity	South Carolina - US	31%
Cash Road Solar 2, Llc (1)	Development and operation of solar PV farms and sale of electricity	South Carolina - US	31%
Centerfield Cooper Solar, Llc (1)	Development and operation of solar PV farms and sale of electricity	South Carolina - US	31%
Ip Solar, Llc (1)	Development and operation of solar PV farms and sale of electricity	South Carolina - US	31%
Linton Solar, Llc (1)	Development and operation of solar PV farms and sale of electricity	South Carolina - US	31%
Palmer Solar, Llc (1)	Development and operation of solar PV farms and sale of electricity	South Carolina - US	31%
Pee dee Camp Solar, Llc (1)	Development and operation of solar PV farms and sale of electricity	South Carolina - US	31%
Sherlock Solar, Llc (1)	Development and operation of solar PV farms and sale of electricity	South Carolina - US	31%
PSSPV23, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Bo Water Solar, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Bobo Solar, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Campari Solar, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Naples Solar, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
PSR 506-NC, Llc (Society Hill 2) (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Rise Solar, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%
Turkey Solar, Llc (1)	Development and operation of solar PV farms and sale of electricity	Delaware - US	60%

(1) Indirect ownership interest through PS Renewables, Inc.

[redacted]

Appendix 4: Subsidiaries included in tax group 515/19

Company	Line of Business	Registered Office	Percentage of Ownership	
			Direct	Indirect
Group companies:				
Solaer España Energías Renovables, S.L. (1)	Design, development, construction and maintenance of solar PV farms	Cuenca - Spain	100%	
Bosques Solares, S.L.U. (1)	Design, development, construction and maintenance of solar PV farms	Asturias - Spain	100%	
Ijg Eteve, S.L.	Holding company of foreign subsidiaries	Asturias - Spain	100%	
Allende Solar, S.L.	Insurance brokerage	Asturias - Spain	100%	
Idim Seguridad, S.L. (3)	Private security activities	Madrid - Spain		80%
Spanish SPVs:				
Castesolar Fotovoltaica, S.L.	Development and operation of solar PV farms and sale of electricity	Asturias - Spain		100%
Energías Renovables Jungla Verde, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Energías Renovables Pergamino, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	[redacted]
Energías Renovables Selva Azul, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Ave Fénix, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Tigre Blanco, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Atlantis, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Varadero, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica La Bicicleta, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Vertebrados, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Bangkok, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Biskek, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Solaer Litio, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Solaer Platino, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Fotovoltaica Yamena, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Guasolar Fotovoltaica, S.L.	Development and operation of solar PV farms and sale of electricity	Asturias - Spain		100%
Invest Solut Mexico Alfa, S.L.	Intermediation in the provision of engineering services	Madrid - Spain		100%
Ks Spain Park Alfa, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Ks Spain Beta, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Ks Spain Park Epsilon, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Ks Spain Park Zeta, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	

[redacted]

Ks Spain Theta, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Promociones Corredore y Amigos, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Pv Solaer Gold, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Solaer Clean Energy 6, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Solaer Clean Energy 9, S.L.	Development and operation of solar PV farms and sale of electricity	Asturias - Spain	100%	
Solaer Clean Energy 1, S.L. (2)	Development and operation of solar PV farms and sale of electricity	Madrid - Spain		100%
Solaer Energías La Perla Escarlata, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Solaer Energías Renovables Cascabel, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Solaer Energías Luminiscencia, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Solaer FV Alejandrita, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
Solaer Renewables, S.L.	Development and operation of solar PV farms and sale of electricity	Asturias - Spain	100%	
Solaer Renewable Resources, S.L. (2)	Development and operation of solar PV farms and sale of electricity	Asturias - Spain	[redacted]	100%
Solaer Thita Energy, S.L. (2)	Development and operation of solar PV farms and sale of electricity	Asturias - Spain		100%
Solaer Investment Solutions Mexico Alfa, S.L. (2)	Intermediation in the provision of engineering services	Madrid - Spain		100%
Solaer Investment Solutions Alfa, S.L. (2)	Intermediation in the provision of engineering services	Madrid - Spain		100%
Spiritu Solar, S.L. (2)	Development and operation of solar PV farms and sale of electricity	Asturias - Spain		100%
Tara FV Solar, S.L. (2)	Development and operation of solar PV farms and sale of electricity	Asturias - Spain		100%
Fotovoltaica Solaer Renovables, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca - Spain	100%	
FV Puerto Lumbreras Silver, S.L.	Development and operation of solar PV farms and sale of electricity	Asturias - Spain	100%	[redacted]
FV Puerto Lumbreras Green, S.L.	Development and operation of solar PV farms and sale of electricity	Asturias - Spain	100%	
FV Puerto Lumbreras Solar, S.L.	Development and operation of solar PV farms and sale of electricity	Asturias - Spain	100%	
FV Puerto Lumbreras Energy, S.L.	Development and operation of solar PV farms and sale of electricity	Asturias - Spain	100%	
FV Liberia, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca – Spain	100%	
Minerva Fotovoltaica, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca – Spain	100%	
Mercurio Fotovoltaica, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca – Spain	100%	
Artemisa Fotovoltaica, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca – Spain	100%	
Heracles Fotovoltaica, S.L.	Development and operation of solar PV farms and sale of electricity	Cuenca – Spain	100%	
PV Investments Sudinv, S.L. (2)	Financial services	Cuenca – Spain		100%

(1) Companies audited by Deloitte at 2020 year-end
(2) Indirect ownership interest through Solaer España Energías Renovables, S.L.U.
(3) Indirect ownership interest through Bosques Solares, S.L.U.

[redacted]

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

Solaer Holding, S.L. and Subsidiaries

Consolidated Directors' Report
for the year ended 31 December 2020

Business performance of the Group

In 2020 we successfully attained the goals we set ourselves, at all times focusing primarily on profitability and prudence, the foundation for the sustainability of our business.

As a result of the evolution and internalisation of its business, the Solaer Group continues to command an excellent competitive position at global level, based on an extensive international presence, proven technological capability and a sound financial structure, which allows us to offer the most suitable solutions to our customers anywhere in the world.

Once again the Group ended the year with positive results, achieving a net profit of EUR 5.9 million and sales of EUR 70 million.

We ended 2020 with shareholders' equity of EUR 28.6 million.

Strategy in the face of a situation of continuing economic uncertainty

The Spanish tariff framework has changed considerably. The Solaer Group is committed to adapting to an economy and market subject to constant change and uncertainty. Therefore, the Group has established a series of strategic goals and business lines to address these risks:

- Industrial challenge: in-house development of licences, construction and start-up of the solar PV plants, including all the main components (solar PV panels, inverters, tracking systems and fixed mounting structures, transformers, substations, etc.,) without foregoing the hallmark of quality earned through the acquisition of advanced technological equipment enabling optimum performance with the greatest efficiency to be obtained for their end customers.

- Construction challenge: undertaking any topographical adaptations required which may imply earthwork, roadways, trenches or drainage to maximise the ratio of useful irradiance (kW/m^2) in order to achieve enhanced amortisation of OPEX for its end customers.

- Financial challenge: adaptation and use of increasingly complex financial structures with more stringent requirements than those normally observed in Spain.

- Legal challenge: implementation of the bilateral agreements will require a high degree of precision in view of the tight margins, guarantees, penalties, liabilities, etc. involved, hence the need for precise definition of the contractual terms and conditions.

- Economic challenge: project profitability is dependent upon many factors which, of course require precision in terms of their development, and this, with the construction race in full swing, may result in control difficulties. In addition, continued commitment to robust, top-quality projects which facilitate access to financing in the market is essential.

Outlook

The outlook for 2021 is positive. Work is currently under way on a growth plan for the next three years based on the development and construction of solar PV farms in:

- Spain, where 200 MW will be built in 2021 with annual increases of 50 MW and 100 MW, the forecast being to achieve 300 MW in 2023.

[redacted]

- Italy where construction of solar PV farms currently under development will commence in 2022.
- the UK where construction will recommence with 20 MW in 2021, 50 MW in 2022 and 100 MW in 2023.

This is due to the development of the projects carried out in-house in Spain, Italy and the UK which permit independence with respect to procuring more MW under development without depending solely on third parties.

There is huge potential in the UK where the development of the SUNNICA 600 MW solar-plus-battery storage project is currently under development. This scheme is classified as a Nationally Significant Infrastructure Project (NSIP) and confers the project with greater legal standing.

The Japanese and North American subsidiary will be closed down due to the concentration of resources in Europe and the UK.

The coming years will be decisive in terms of observing the evolution of developments in Colombia, Mexico and the Southern US.

Research and development activities

In 2020 the Group did not carry out any research and development activities.

Use of financial instruments

The Group has positive working capital amounting to EUR 31 million, including available cash of EUR 20 million and undrawn limits on its credit and reverse factoring lines totalling EUR 10 million, which enables the Group to continue operating normally in the short term.

It should be noted that, on the whole, most of the financing received by the Group is in the form of working capital facilities with instruments such as credit lines, discount lines and reverse factoring agreements, which are arranged at fixed or floating interest rates tied to EURIBOR and, accordingly, the Group is not overly exposed to fluctuations in interest rates.

In addition, in 2020, due to the impact of covid-19, SOLAER ESPAÑA availed itself of the Official Credit Institute (ICO) plans and applied for ICO-COVID loans from various banks for a total of EUR 11.40 million, with 6- to 12-month grace periods and repayment periods of between three and five years.

On the other hand, as regards foreign currency risk, the Group performs 95% of its transactions in euros; therefore, it is not exposed to foreign currency risk in foreign currency transactions.

Disclosures on the period of payment to suppliers

In general, the Group observes the maximum periods of payment to trade suppliers set out in the late payment legislation. The Parent's directors do not expect any additional liabilities to arise as a result of balances payable to suppliers that are past due by more than the maximum payment period established by this law.

Treasury share transactions

In 2020 the Group did not perform any transactions involving treasury shares.

[redacted]

Other information

Although the emerging environmental challenges pose a big challenge for the Group, they also represent an increasing business opportunity. Accordingly, the performance of all the civil engineering and electrical work required to start-up these wind and solar PV farms in Spain is going to produce a highly positive economic impact on the industry given that it ensures construction work for what is virtually the next two years. However, the abundance in terms of demand may create limitations in the contracting of services, due to unavailability as well as time and material shortages which can give rise to poorer quality and high prices.

For this reason the Group has set itself an additional challenge which needs to be tackled from two different perspectives: contractually, drafting accurate and precise contractual terms and conditions; and professionally, ensuring the involvement of highly experienced civil engineers in both wind and solar PV construction processes.

Events after the reporting period

Apart from the ongoing impact the uncertainties caused by the covid-19 pandemic continue to have worldwide, no other events have taken place after the reporting period.

[redacted]

[redacted]

Authorisation for issue of the Consolidated Financial Statements and Consolidated Directors' Report

On 30 March 2021, pursuant to Article 37 of the Spanish Commercial Code and Article 253 of the Spanish Limited Liability Companies Law, the Board of Directors of Solaer Holding, S.L. authorised for issue the consolidated financial statements and the consolidated director's report for the period from 1 January 2020 to 31 December 2020 of Solaer Holding, S.L. and subsidiaries that consist of the documents preceding this certificate, which include the consolidated balance sheet and the consolidated statement of profit or loss, consolidated statement of changes in equity, consolidated statement of cash flows, the notes to the consolidated financial statements and the directors' report.

[redacted]

Ignacio Arganza Álvaro
for Bafi Consulting, S.L.

[redacted]

Juan Cuartero Cejalvo
for Los Leandros Solares, S.L.

[redacted]

Gabriel Cuartero Cejalvo
for Cecu Solar

Certificate: To attest that the consolidated financial statements for 2020, authorised for issue by the Board of Directors at its meeting on 30 March 2021, are those attached, signed by the Secretary of the Board.

[redacted]
Secretary

Appendix B Details of projects by Solaer Holding

UK – Eveley Solar Farm (Under Operation)

Size: 49 MW

Was one of the largest solar farms built in the UK in 2016, and was the last Renewable Obligation Certificate (ROC) subsidy projects that PS Renewables built. It has close to 100,000 solar panels, and connects to the SSE 132Kv line, this connection allows for the export capacity that is generated by this clean technology asset.

UK - Canworthey Water (Under Operation)

Size: 43 MW

At the time of construction in 2014 it was the largest solar project built in the UK, and was created over 3 locations (2 solar farm areas and 1 substation zone). It was connected during the Renewable Obligation Certificate (ROC) phase of the UK subsidy growth. It was a very tight build, and due to location had very small roads to manage and protect. The build was on-time and on-budget, something PS Renewables are very proud of, and it also allowed us to connect our first 132Kv substation, the first for a solar farm in the UK.

PORTUGAL – OURIKA (Under Operation)

Size: 49MW

Investor: Allianz Capital Partners, a company with more than EUR 44,3 billion of assets under management.

Total investment: 37.000.000 EUR (photovoltaic modules excluded)

SPAIN – GUZMAN (Under Operation)

Size: 50MW

Investor: Foresight Group Holdings Limited. Foresight manages £7.2 billion for some of the world's largest institutional investors and private and high net-worth individuals.

Total Investment: 38.000.000 EUR

COLOMBIA – LOS LLANOS (Under Operation)

Size: 5 x 20MW

Investor: TPG Capital, previously known as Texas Pacific Group. TPG is a global investment firm headquartered in San Francisco, California, and Fort Worth, Texas, with $96 billion in assets under management.

Total Investment: 80.000.000 USD

COLOMBIA – SURIA (Under Development)

Size: 380MW

Investor: EDF RENOUVELABLES INTERNATIONAL, Électricité de France is a French multinational electricity generation and distribution company. It is the leading producer and distributor of electricity in France and Europe and is the second largest electricity producer in the world.

Total Investment: 238.000.000 USD

SPAIN – LAS QUINIENTAS (Under Operation)

Size: 110MW

Investor: OP Trust & BRUC. OPTrust has net assets of over $23 billion. BRUC is the Spanish invest vehicle which OPTrust uses for renewable energy in Spain.

Total Investment: 85.000.000 EUR

SPAIN – PUERTO LUMBRERAS (Under Operation)

Size: 50MW

Investor: Private Equity from A&G Banca Privada.

Total Investment: 40.000.000 EUR

SPAIN – BRAZATORTAS + BELINCHON (Under Development)

Size: 250MW

Investor: Cobra Zero-E (Grupo ACS). ACS Group is a company committed to economic and social progress in the countries where it is located with €37 billion in total assets

Total Investment: 190.000.000 EUR

SPAIN – MANZANARES (Under Development)

Size: 40MW

Investor: SUNCO Capital. Sunco is a global investment firm headquartered in Madrid, Spain.

Total Investment: 30.000.000 EUR