Soltec Power Holdings, S.A. and subsidiaries

Consolidated financial statements for the financial year ended 31 December 2020, together with Independent Auditors' Report

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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. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Soltec Power Holdings, S.A.,

Opinion

We have audited the consolidated financial statements of Soltec Power Holdings, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, 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 International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

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

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

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

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Key Audit Matters

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

Recognition of revenue from the supply and installation of solar trackers

Description

As detailed in Note 16.1 to the accompanying consolidated financial statements, revenue relates mainly to the supply and installation of solar trackers.

As indicated in Note 2.6-k to the accompanying consolidated financial statements, the revenue from the supply of solar trackers is recognised when control of the goods is transferred in accordance with contractual provisions agreed upon with each customer, while the revenue from the installation of solar trackers is recognised based on the stage of completion of the contract. The obligations assumed in each contract, and the clauses relating to the transfer of ownership, are specific to each contract. Under the contracts entered into with customers, invoices are issued once customers have confirmed the related delivery or installation of the solar trackers. In this connection, as described in Note 16.1 to the accompanying consolidated financial statements, at 2020 year-end the Group had recognised 18,953 thousand euros of unbilled revenue from the supply and installation of solar trackers that were recognised in the consolidated statement of profit or loss for 2020 because the Parent's

Procedures applied in the audit

Our audit procedures to address this matter consisted of, among others, the application of substantive procedures comprising tests of details, such as the review of all the contracts entered into with customers in order to obtain an appropriate understanding of the agreed-upon terms and conditions, the sales clauses determining the recognition of revenue and the consistency of the revenue recognised with the amounts and time periods established in those contracts.

Similarly, we stratified the population and made selections based on qualitative factors and based on statistical sampling, reviewing, in both cases, the consistency of the amounts accrued with those recognised as revenue to be billed by the Group by inspecting the related documentation supporting the recognition of the revenue on an accrual basis.

Furthermore, we performed substantive analytical procedures in order to evaluate the reasonableness, by project, of the sales and the margins obtained, and subsequently checked at year-end that there were no

Recognition of revenue from the supply and installation of solar trackers

Description	Procedures applied in the audit
directors considered that the milestones for the recognition thereof had been met. Given that there is an inherent risk associated with the various obligations acquired in each contract and the clauses established therein, which add complexity to the recognition of this sales revenue, we determined the cutoff of the revenue from the supply and installation of solar trackers, in particular the unbilled revenue at year-end, to be a key matter in our audit.	significant variations in these margins by project. Lastly, we evaluated whether the disclosures included in Notes 2.6-k and 16.1 to the accompanying consolidated financial statements in connection with this matter were in conformity with those required by the regulatory financial reporting framework applicable to the Group.

Accounting for transfers or acquisitions of special purpose vehicles associated with solar PV farm development projects

Description	Procedures applied in the audit
In 2020 the Group carried out various transfers and acquisitions, for material amounts, of special purpose entities or vehicles (SPEs or SPVs) associated with solar PV farm development projects. Note 5 to the accompanying consolidated financial statements contains the disclosures relating to these transactions, the most noteworthy of which were the sale, with loss of control, of certain SPEs in Spain (see Note 5.5) and the transfer, without loss of control (see Note 5.6), of the SPEs associated with the LEO SILVEIRA project and of certain SPEs in Italy.	Our audit procedures included, among others, reviewing whether the criterion applied by the directors in accounting for acquisitions and sales of SPEs was appropriate considering the regulatory financial reporting framework applicable to the Group. For each transfer or acquisition, we obtained and analysed the contractual documentation, placing special emphasis on the analysis of the transfer of the risks associated with the SPEs, in order to determine when control was lost or obtained, and checked that the accounting recognition of the transaction was in

Accounting for transfers or acquisitions of special purpose vehicles associated with solar PV farm development projects

Description	Procedures applied in the audit
These transfers and acquisitions are complex transactions which include deferral of payments, certain penalties and other contractual agreements the recognition of which in the consolidated financial statements requires the Parent's directors to make significant judgements and estimates, especially when determining the transfer of the risks associated with the projects contained in each SPE. For these reasons, we identified the treatment of these transactions as a key matter in our audit.	keeping with that situation. We also recalculated the gains or losses obtained on each sale, taking into account all the relevant aspects of the transaction, and obtained evidence of the payments and collections made by the Group. In addition, we obtained express confirmation from the Parent that there were no agreements, additional to those included in the main contracts, to which we were not given access and which might include additional contractual clauses such as repurchase agreements, undertakings to return amounts received or price adjustments that might affect the accounting for these transactions. Lastly, we reviewed whether the contents of the disclosures relating to these transactions in the notes to the accompanying consolidated financial statements (see Note 5) were in conformity with those required by the regulatory financial reporting framework applicable to the Group.

Recoverability of deferred tax assets in the context of the tax group headed by the Parent

Description	Procedures applied in the audit
As detailed in Note 14.3 to the accompanying consolidated financial statements, at 31 December 2020 the Group had deferred tax assets relating to tax loss carryforwards amounting to 10,449 thousand euros, of which 6,395 thousand euros correspond to tax loss carryforwards that are recoverable in the context of the Spanish tax group headed by the Parent and that were mainly generated in 2020. The appearance of covid-19 and its subsequent expansion had a significant impact on the Group's operations, due mainly to the delay in the commencement of projects, which affected the profit or loss obtained in 2020. In this connection, the budgets that support the recoverability of the tax assets, considering the tax legislation applicable in each of the jurisdictions in which the Group operates and the most recently approved business plans, on the basis of which the Group considers the deferred tax assets recognised to be recoverable, were updated to reflect the Group's best estimate of the impacts of covid-19 on the execution of the projects. To this end, management of the Parent conducted a detailed analysis of the impact that covid-19 had in 2020 and the expected impacts in 2021 in view of the situation of uncertainty envisaged for the next few months in relation to the evolution of the pandemic. This analysis requires complex estimates, judgements and assumptions to be made, such as the growth	Our audit procedures included, among others, obtaining the latest budgets approved by the Board of Directors adapted to the current circumstances in the market in which the Group operates, as well as the financial model prepared by management of the Parent that was used to assess, on the basis of the aforementioned budgets, the recoverability of the tax loss carryforwards generated by the companies composing the Spanish tax group headed by the Parent. We performed our own independent sensitivity analysis in order to evaluate other less optimistic scenarios and we reviewed the consistency of the assumptions and hypotheses based on a retrospective analysis, taking into account the current covid-19 scenario and the non-recurring costs incurred in 2020, as well as the reasonableness of the projections for future years taking into account the projects already accepted and the projects presented but not confirmed to date, considering the country in which the projects will be performed, and the consistency of the aforementioned projections with public industry studies with regard to the expected growth of the market and the evolution of operating margins for the next few years. Also, we involved our internal experts from the tax area in the analysis of the reasonableness of the tax assumptions considered on the basis of the applicable legislation.

Recoverability of deferred tax assets in the context of the tax group headed by the Parent	
Description	**Procedures applied in the audit**
rates of sales and margins by type of revenue, among others. As a result of all the foregoing, the circumstance described represents a key audit matter, since it requires the use of estimation processes, with a significant degree of uncertainty, exacerbated by the current covid-19 situation.	Lastly, we evaluated whether the disclosures included in Notes 3 and 14.3 to the accompanying consolidated financial statements in relation to this matter were in conformity with the requirements of the applicable regulatory framework and included the uncertainty resulting from the fact described in relation to the outcome of the covid-19 crisis situation and the effects it might have on the future operations of the Group and, as the case may be, on the determination of the recoverable amount of the deferred tax assets and on the time periods initially envisaged for the recovery thereof.

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 audit regulations in force, consists of:

a) Solely checking that the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the consolidated directors' report is consistent with the consolidated financial statements, based on the 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 this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was furnished as provided for in the applicable legislation and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2020 and its content and presentation were in conformity with the applicable regulations.

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

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

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

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

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

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix to this auditor's report. This description, which is on pages 9 and 10, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital files in European Single Electronic Format (ESEF) of the Group for 2020, which comprise the XHTML file including the consolidated financial statements for 2020 and the XBRL files with the tagging performed by the Group, which will form part of the annual financial report.

The directors of Soltec Power Holdings, S.A. are responsible for presenting the annual financial report for 2020 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation").

Our responsibility is to examine the digital files prepared by the Parent's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the consolidated financial statements included in the aforementioned digital files corresponds in full to that of the consolidated financial statements that we have audited, and whether those consolidated financial statements and the aforementioned files were formatted and marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined correspond in full to the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Parent's Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit committee dated 30 March 2021.

Engagement Period

The Extraordinary General Meeting held on 26 December 2019 appointed us as auditors of the Group for a period of three years from the year ended 31 December 2019.

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

Beatriz Martín Velázquez
Registered in ROAC under no. 18.539

30 March 2021

This report corresponds to seal no. 18/21/00144 issued by the Spanish Institute of Certified Public Accountants.

Appendix to our auditor's report

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the Parent's audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

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

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CONSOLIDATED FINANCIAL STATEMENTS 2020

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRS-EU standards (see Note 2.1). In the event of a discrepancy, the Spanish-language version prevails.

SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES

Consolidated financial statement as of December 31,2020

		Thousand euros				Thousand euros	
ASSETS	Notes (1)	31/12/2020	31/12/2019	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes (1)	31/12/2020	31/12/2019
NON-CURRENT ASSETS				**SHAREHOLDERS' EQUITY**	12		
Intangible assets	6	**13,393**	**34,045**	**Capital and reserves**			
Development		2,800	1,610	Share capital		22,847	15,060
Other intangible fixed assets		10,593	32,435	Share premium		143,472	1,259
Property, plant and equipment	7	**8,486**	**7,259**	Reserves		(6,816)	(39)
Land and buildings		3,442	2,449	Translation differences		(12,116)	363
Technical facilities and other tangible fixed assets		5,044	4,810	Profit/loss attributed to the Parent Company		(4,918)	1,338
Right-of-use	8	**16,464**	**9,088**	**Shareholders' equity attributed to the Parent Company**		**142,469**	**17,981**
Long-term investments in Group and associated companies	9	**5,308**	-	**Non-controlling interest**		**(8)**	**1**
Investments accounted for by the equity method		4,101	-	**Total shareholders' equity**		**142,461**	**17,982**
Loans to companies accounted for by equity method		1,207	-				
Non-current financial assets	10	**5,128**	**4,985**				
Deferred tax assets	14	**13,788**	**4,339**				
Total non-current assets		**62,567**	**59,716**				
				NON-CURRENT LIABILITIES			
				Non-current financial liabilities	10	**19,414**	**15,552**
				Non-current provisions	13	**2,367**	**181**
				Deferred tax liabilities	14	**1,595**	**8,073**
				Total non-current liabilities		**23,376**	**23,806**
CURRENT ASSETS				**CURRENT LIABILITIES**			
Non-current assets held for sale	5.6	**18,583**	-	**Liabilities related to non-current assets held for sale**	5.6	**4,646**	-
Inventories	11	**22,883**	**25,461**	**Current financial liabilities**	10	**96,988**	**100,340**
Debtors and other current assets	10	**65,139**	**117,644**	Current debts payable to credit institutions		85,889	82,320
Trade receivables for sales and services		64,004	117,533	Other current financial liabilities		10,741	15,552
Sundry debtors		1,135	111	Derivatives		358	2,468
Credits with public administrations	14	**12,255**	**18,386**	**Trade and other accounts payable**	10	**40,127**	**103,125**
Current tax assets		1,717	1,241	Suppliers		33,117	89,333
Other credits with public administrations		10,538	17,145	Other accounts payable		7,010	13,792
Short-term investments in Group and associated companies	9	**143**	-	**Debts with public administrations**	14	**1,721**	**5,283**
Current financial assets	10	**2,155**	**3,191**	Current tax liabilities		123	1,084
Other current assets		**1,963**	**797**	Other debts with public administrations		1,598	4,199
Cash and cash equivalents	10	**125,748**	**25,935**	**Current provisions**	13	**2,117**	**594**
Total current assets		**248,869**	**191,414**	**Total current liabilities**		**145,599**	**209,342**
TOTAL ASSETS		**311,436**	**251,130**	**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES**		**311,436**	**251,130**

(1) Notes 1 through 19, together with Annexes I and II, are an integral part of the consolidated financial statement as of December 31, 2020

SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES

Consolidated profit & loss account for the years ended on December 31, 2020

	Notes (1)	Thousand euros	
		2020	2019
Revenue	**16**	**235,646**	**356,812**
Changes in inventories of finished and semi-finished products		**559**	**917**
Other operating income	**16**	**2,598**	**1,762**
Works performed by the Group for its assets	**6**	**3,445**	**968**
Supplies	**16**	**(180,973)**	**(260,679)**
Personnel expenses	**16**	**(36,429)**	**(32,309)**
Other operating expenses	**16**	**(45,883)**	**(49,750)**
Depreciation of fixed assets	**6,7,8**	**(3,712)**	**(4,386)**
Profit/loss from the sale of fixed and other assets		**(644)**	**(204)**
Result from loss of control over SPVs	**5.5**	**7.376**	-
Other profit/loss		**442**	**2,318**
OPERATING PROFIT/LOSS		**(17.575)**	**15,449**
Financial revenue	**16**	**6,550**	**149**
Financial expenses	**16**	**(6,412)**	**(5,221)**
Changes in the fair value of financial instruments	**16**	**10,288**	**(5,394)**
Net exchange rate differences	**3.4.2**	**(3,272)**	**(3,947)**
Loss on net monetary position	**2.4**	**(310)**	**(289)**
Other net financial revenue/expenses		-	**(387)**
FINANCIAL PROFIT/LOSS		**6,844**	**(15,089)**
Equity in income (loss) of investments accounted for by the equity method	**9**	**(39)**	-
PRE-TAX PROFIT/LOSS		**(10.770)**	**360**
Income tax	**14**	5,842	980
CONSOLIDATED PROFIT/LOSS FOR THE PERIOD/FINANCIAL YEAR		**(4,928)**	**1,340**
Profit/loss attributed to the Parent Company		(4,918)	1,338
Profit/loss attributed to non-controlling interests		(10)	2
Profit/loss per share			
Basic and diluted (in euros)	**18**	(0.075)	0.022

(1) Notes 1 through 19, together with Annexes I and II, are an integral part of the consolidated profit & loss account for the year ended on December 31, 2020

SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES

Consolidated statement of comprehensive profit and loss for the year ended December 31, 2020

	Notes (1)	Thousand euros	
		2020	2019
CONSOLIDATED PROFIT/LOSS FOR THE FINANCIAL YEAR (I)		**(4,928)**	**1,340**
Items that cannot be reclassified into profit/loss for the financial year		-	-
Items that can be reclassified into profit/loss for the financial year	12.4	**(12.479)**	**363**
- Translation differences		(12.479)	363
OTHER CONSOLIDATED COMPREHENSIVE PROFIT/LOSS (II)		**(12,479)**	**363**
TOTAL CONSOLIDATED COMPREHENSIVE PROFIT/LOSS (I+II)		**(17,407)**	**1,703**
Total comprehensive profit/loss attributed to the Parent Company		(17,397)	1,701
Total comprehensive profit/loss attributed to non-controlling interest		(10)	2

(1) Notes 1 through 19, together with Annexes I and II, are an integral part of the consolidated comprehensive profit & loss account for the year ended on December 31, 2020

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SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES

Consolidated statement of changes in equity for the year ended December 31, 2020

	Thousand euros						
	Share capital	Share premium	Reserves	Profit/loss attributed to the Parent Company	Translation differences	Non-controlling interest	TOTAL
OPENING BALANCE OF 2019 FINANCIAL YEAR	**15,060**	**1,259**	**(74)**	**-**	**-**	**(1)**	**16,244**
Total consolidated comprehensive profit/loss for the financial year	**-**	**-**	**-**	**1,338**	**363**	**2**	**1,703**
Transactions with shareholders or owners	**-**	**-**	**55**	**-**	**-**	**-**	**55**
Other transactions with partners or owners (note 17.2)	-	-	55	-	-	-	55
Other changes in shareholders' equity	**-**	**-**	**(20)**	**-**	**-**	**-**	**(20)**
Other changes	-	-	(20)	-	-	-	(20)
CLOSING BALANCE OF 2019 FINANCIAL YEAR	**15,060**	**1,259**	**(39)**	**1,338**	**363**	**1**	**17,982**
OPENING BALANCE OF 2020 FINANCIAL YEAR	**15,060**	**1,259**	**(39)**	**1,338**	**363**	**1**	**17,982**
Total consolidated comprehensive profit/loss for the financial year	**-**	**-**	**-**	**(4,918)**	**(12,479)**	**(10)**	**(17,407)**
Transactions with shareholders or owners	**7,787**	**142,213**	**(8,033)**	**-**	**-**	**-**	**141,967**
Share capital increase (note 12.1)	7,787	142,213	(8,086)	-	-	-	141,914
Other transactions with partners or owners (note 16.4 and 17.2)	-	-	53	-	-	-	53
Other changes in shareholders' equity	**-**	**-**	**1,256**	**(1,338)**	**-**	**1**	**(81)**
Distribution of attributable income	-	-	1,338	(1,338)	-	-	-
Other changes	-	-	(82)	-	-	1	(81)
CLOSING BALANCE OF 2020 FINANCIAL YEAR	**22,847**	**143,472**	**(6,816)**	**(4,918)**	**(12,116)**	**(8)**	**142,461**

(1) Notes 1 through 19, together with Annexes I and II, are an integral part of the statement of changes in consolidated equity for the year ended on 31 December 2020

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SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES

Consolidated statement of cash flows for the year ended December 31, 2020 and 2019

	Notes (1)	Thousand euros 2020	Thousand euros 2019
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**(34,109)**	**4,789**
Pre-tax profit/loss for the financial year		**(10,770)**	**360**
Adjustments to profit/loss		**(6,353)**	**17,411**
Depreciation of fixed assets	**5,6,7**	3,712	4,386
Losses, impairment and changes in provisions for trade operations	**16.5**	4,252	3,151
Gain on disposal of fixed assets and others	**6**	644	-
Financial income		(6,550)	(149)
Financial expenses		6,412	5,221
Changes in the fair value of financial instruments	**3.4.2**	(3,626)	5,394
Exchange rate differences	**9.1 and 10.3**	(10,288)	1,526
Other income		(948)	(2,118)
Share in losses of companies accounted for by the equity method, net of dividends	**9**	39	-
Changes in working capital		**(10,969)**	**(6,655)**
(Increase) decrease in Inventories		1,013	(1,897)
(Increase) decrease in trade and other receivables		47,497	(69,131)
Increase (decrease) in trade and other payables		(62,319)	64,661
Increase (decrease) in other assets and liabilities		2,840	(288)
Other cash flows from operating activities		**(6,017)**	**(6,327)**
Interest paid		(5,413)	(5,041)
Interest collected		116	149
Income tax received/(paid)		(720)	(1,435)
CASH FLOWS FROM INVESTMENT ACTIVITIES (II)		**(6,884)**	**(10,427)**
Payments relating to investment		**(14,981)**	**(12,920)**
Property, plant and equipment, and intangible fixed assets		(7,538)	(5,299)
Associated companies		(1,980)	-
Other financial assets		(5,463)	(7,621)
Collections relating to divestments		**8,097**	**2,493**
Other financial assets		8,097	2,493
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**141,051**	**31,001**
Collections and (payments) from equity instruments		**139,386**	**19,257**
Business combinations, net cash		-	19,257
Issuance of equity instruments		139,386	-
Collections and (payments) from financial liability instruments		**1,665**	**11,744**
Prepaid income from the sale of SPVs	**5.6**	3,174	-
Issuance		7,789	14,829
Repayment and amortization		(9,298)	(3,085)
EFFECT OF EXCHANGE RATE VARIATIONS (IV)		**(245)**	**572**
NET INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS (I+II+III+IV)		**99,813**	**25,935**
Cash and cash equivalents at start of period		**25,935**	-
Cash and cash equivalents at end of period		**125,748**	**25,935**

(1) Notes 1 through 19, together with Annexes I and II, are an integral part of the consolidated cash flow statement for the year ended on December 31, 2020

Soltec POWER HOLDINGS

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Soltec Power Holdings, S.A. and subsidiaries

Notes to the Consolidated Financial Statements for the year ended December 31, 2020

1 General information

Soltec Power Holdings, S.A. (hereafter, "Soltec" or the "Parent Company") and subsidiaries (hereafter, "Soltec Group" or the "Group") form a consolidated group of companies which carry out their business activity in the renewable energy sector, particularly in the photovoltaic sector.

The Parent Company was incorporated in Murcia (Spain) on December 2nd, 2019 in accordance with the Spanish Corporate Enterprises Act. Its registered office is located at Calle Gabriel Campillo, Polígono Industrial La Serreta s/n, 30500 Molina de Segura (Murcia), where its main facilities are located. The Group also carries out its activity in facilities located in Chile, the United States, Brazil, Peru, Mexico, Argentina, Australia, India, Italia, Francia, China and Colombia.

In accordance with its bylaws, the Parent Company has as its corporate purpose:

a) Carrying out all sorts of activities, projects and services for, or related to, the promotion, development, construction and maintenance of power plants, including the manufacture, supply, installation and assembly of industrial equipment and other facilities for such plants.

b) Providing assistance or support services to investee companies or those within the scope of the business group, for which purpose it may provide, in their favor, the financing, guarantees and consolidations that may be appropriate.

c) The management and administration of securities representing the equity of companies that are resident and non-resident in Spain through the appropriate organization of personal and material means, provided this activity does not fall in the scope of collective investment as defined in the appropriate legislation.

As of December 31st, 2020, the Group is formed by two subgroups whose parent companies, Soltec Energías Renovables, S.L.U and Powertis, S.A.U., are in turn formed by a number of subsidiaries that altogether make up the scope of consolidation for the Group. Information regarding the subsidiaries that are part of the scope of consolidation as well as those entities upon which there is a significant influence is detailed in annexes I and II, respectively. Those annexes can be found at the end of the present financial statements.

On October 28th, 2020 the Parent Company was listed on the Spanish Stock Exchange, as detailed in note 12.1.

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2 Relevant accounting policies

2.1 Basis of presentation

The present consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS-EU"), and in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, effective as of December 31st, 2020.

Composition of contributions to the business

As described in note 1, the Parent Company was created in 2019 as the head of two existing subgroups, with no economic impact or real alteration of the composition of the Group's property. On December 2nd, 2019, Grupo Corporativo Sefrán, S.L. (formerly Bari Inversiones y Desarrollos, S.L., and hereafter, Sefran) and Valueteam, S.L. (hereafter, Valueteam) incorporated the Parent Company of this Group, by monetary contribution according to the following table:

Shareholder	No. Shares	Euros	% Share
Valueteam	18,000	18,000	30%
Sefrán	42,000	42,000	70%
Total	**60,000**	**60,000**	**100%**

Additionally, on December 23rd, 2019, Valueteam and Sefran (shareholders of the company Soltec Energías Renovables, S.L.) and the shareholders of Powertis, S.A. (Valueteam, Sefran and a natural person) made a non-monetary contribution to the Parent Company equal to 100% of the shares of Soltec Energías Renovables, S.L. and 100% of the shares of Powertis, S.A. This contribution was registered in the Commercial Registry of Murcia on December 31st, 2019.

These contributions to the Parent Company were registered at fair value, following a report issued by an independent expert previously appointed by the Commercial Registry of Murcia. Thus, the valuation of the contributions made by Soltec Energías Renovables, S.L.U. and Powertis, S.A.U. was set at 237,000 and 59,250 thousand euros, respectively. The breakdown of the shares issued by both companies, the amount at which they were issued, and their distribution according to the share percentage of each of the shareholders was as follows:

Shareholder	No. of shares issued for the contribution of Soltec Energías Renovables, S.L.U.	No. of shares issued for the contribution of Powertis, S.A.U.	Amount at which the shares are issued (Euros)	Soltec Energías Renovables, S.L.U. (Euros)	Powertis, S.A.U.(Euros)	Total (Euros)
Valueteam	3,600,000	855,000	19,75	71,100,000	16,886,250	87,986,250
Sefrán (*)	8,400,000	1,995,000	19,75	165,900,000	39,401,250	205,301,250
Individual	-	150,000	19,75	-	2,962,500	2,962,500
Total	**12,000,000**	**3,000,000**	**19,75**	**237,000,000**	**59,250,000**	**296.250.000**

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(*) Majority shareholder of Soltec Group. Prior to making the contribution, Sefrán was also the majority shareholder of Soltec Energías Renovables, S.L.U and Powertis, S.A.U

Additionally, the breakdown between share capital and the premium on issued shares of the contribution was as follows:

Shareholder	Euros		
	Share Capital	Share Premium	Total
Valueteam	4,455,000	83,531,250	87,986,250
Sefrán	10,395,000	194,906,250	205,301,250
Individual	150,000	2,812,500	2,962,500
Total	**15,000,000**	**281,250,000**	**296,250,000**

As set forth in paragraph 2 of IFRS 3, "Business combinations," in operations under common control, acquisitions or transfers of assets will not be within the scope of that standard. Paragraph 10 of IAS 8, "Accounting policies, changes in accounting estimates and errors" states that "in the absence of an IFRS-EU that is applicable to a transaction or other facts or conditions, the sole manager shall use professional judgment in the development and application of an accounting policy." In accordance with the above, the sole manager of the Parent Company analyzed whether the contributions were constitutive of a business, as well as whether this transaction could be made in the context of a transaction under common control, all for the purpose of accounting for the operation as a business combination under common control.

Regarding whether the contributions represented a business, his conclusion was based on the content of paragraphs 17 and 18 of the "Basis for conclusions" of IFRS 3. In relation to whether the transaction is considered a transaction under common control, this was based on the content of the application guide of IFRS 3 on "Business combinations under common control", specifically on paragraph B1 of IFRS 3, which states that "Business combinations under common control are business combinations in which all the combining entities or businesses are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory".

The sole manager considered that the Soltec Power Holdings, S.A. and subsidiaries Group was the result of a restructuring of the preexisting groups Soltec Energías Renovables, S.L.U. and Powertis, S.A.U., in which the contribution did not produce a change in the controlling shareholder. So, these consolidated annual accounts are a continuation of the operations of the aforementioned groups. Consequently, and pursuant to paragraph 10 of IAS 8 on the definition of an accounting policy for transactions not regulated by the IFRS-EU, the sole director considered the following:

- Because the contribution to the company Soltec Power Holding, S.A. represented a continuation of the preexisting groups, and because of the existence of relevant minority shareholders in the aforementioned groups, the sole manager determined that the appropriate valuation of the contribution was that which provided the most relevant information for users of the financial information. Considering the presence of the mentioned minority shareholders, the contribution was recorded at the value which the preexisting groups had on their books as of January 1st, 2019. In any case, if the contribution had been recorded by using the net book values that the controlling shareholder had on its books as of January 1st, 2019, the difference would not have been significant.

- Although the business contribution was made on December 23rd, 2019, after the incorporation of the Parent Company, the operations carried out by the preexisting groups (Soltec Energías Renovables and Powertis) were registered starting from January 1st, 2019. Therefore, the 2019 information contained in these consolidated financial statements, included for comparison purposes, corresponds to the operations carried out during the entire fiscal year.

Shown below are the consolidated balance sheet of Soltec Energías Renovables, S.L.U and subsidiaries obtained from the consolidated financial statements for the year ended December 31st, 2018, prepared in accordance with IFRS-EU, and the balance sheet of Powertis, S.A.U. as of December 31st, 2018, obtained from the financial statements of each company (note that they do not match those deposited in the Commercial Registry of Murcia, due to a reclassification made between current and non-current assets in order to standardize their classification with that made by the Group), given that after the analysis made by the sole manager of the Parent Company there are no differences between the financial statements prepared under ES GAAP and under IFRS-EU, for Powertis, S.A.:

Soltec Energías Renovables, S.L.U. and subsidiaries

ASSETS	Thousand euros 31/12/2018	EQUITY AND LIABILITIES	Thousand euros 31/12/2018
NON-CURRENT ASSETS		**TOTAL SHAREHOLDER'S EQUITY**	
Intangible assets	1,245	**Capital and reserves**	
Property, plant and equipment	5,095	Share capital	824
Right-of-use	8,989	Reserves	12,573
Non-current financial assets	562	Translation differences	(33)
Deferred tax assets	1,466	Profit/loss attributed to the Parent Company	1,093
Total non-current assets	**17,357**	**Shareholders' equity attributed to the Parent Company**	**14,457**
		Non-controlling interest	**(1)**
		Total shareholders' equity	**14,456**
		NON-CURRENT LIABILITIES	
		Non-current financial liabilities	7,815
		Non-current provisions	44
CURRENT ASSETS		Deferred tax liabilities	44
Inventories	23,564	**Total non-current liabilities**	**7,903**
Debtors and other current assets	49,810		
Credits with public administrations	10,516	**CURRENT LIABILITIES**	
Current financial assets	5,249	Current financial liabilities	70,541
Other current assets	446	Trade and other payables	31,532
Cash and cash equivalents	19,140	Debts with public administrations	1,650
Total current assets	**108,725**	**Total current liabilities**	**103,723**
TOTAL ASSETS	**126,082**	**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES**	**126,082**

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Powertis, S.A.U.

ASSETS	Thousand euros 31/12/18	EQUITY AND LIABILITIES	Thousand euros 31/12/18
Total non-current assets	3,863	Total shareholders' equity	1,802
		Total non-current liabilities	2,000
Total current assets	182	Total current liabilities	243
TOTAL ASSETS	**4,045**	**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES**	**4,045**

The present consolidated financial statements have been prepared on a historical cost basis, except in the case of certain financial assets and instruments which are measured at fair valued at the end of each year, as explained in the section on valuation standards below.

Generally, historical cost is based on the fair value of the consideration given in exchange for goods and services.

Note 2.6 summarizes the most significant accounting principles and valuation criteria applied in the preparation of these consolidated financial statements.

These consolidated financial statements are presented in thousand euros, unless otherwise noted.

2.2. True and fair view

The present consolidated financial statements have been prepared with information obtained from the accounting records of the Parent Company and its subsidiaries and are presented in accordance with the regulatory framework of financial reporting that is applicable and, in particular, with the accounting principles and criteria contained there, so that they give a true and fair view of the assets, liabilities, financial position, profit/loss and cash flows of the Group during the corresponding fiscal year.

These financial statements have been prepared by the Parent Company's board of directors, in their meeting held on March 24th, 2021. They'll be submitted for approval to the General Shareholders' meeting, with the Parent Company expecting their approval with no objections.

The consolidated financial statements for the fiscal year 2019 were prepared by the Parent Company's sole manager on June 16th, 2020. Those financial statements were approved by the General Shareholders' Meeting of the Parent Company on June 28th, 2020.

2.3 Application of new standards

The standards, amendments and interpretations that entered into force for the year beginning January 1st, 2020, under the IFRS-EU framework, and are used by the Group are:

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New standards, amendments and interpretations		Mandatory implementation for fiscal years from
Approved for use in the European Union:		
Amendments to IFRS 3 Definition of a Business (published on October 2018).	Clarifications on the definition of a business	January 1st, 2020
Amendment to IFRS 1 and IFRS 8 Definition of "materiality"	Changes in the definition of "materiality" for consistency throughout the Conceptual Framework	January 1st, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 Interest rate benchmark reform (published on September 2019)	This reform changes some specific requirements of hedge accounting, so that entities should apply those hedge accounting requirements with the assumption that the interest rate benchmark is not altered as a result of any reforms of the benchmark.	January 1st, 2020

The impact arising from the use of these new standards has not been significant, except for the amendment of IFRS 3, which has meant that certain transactions that took place in 2020 have been registered as asset purchases (acquisition of Usina de Energia Fotovoltaica de Pedranópolis Ltda – hereafter, Pedranópolis – and of Usina de Energia Fotovoltaica de Sol de Varzea Ltda – hereafter, Sol de Varzea – see note 5.2), while transactions of similar characteristics, and which took place before January 1st, 2020, were registered as business combinations. This is because the IASB has introduced clarifications to the definition of a business contained on IFRS 3, with the aim of narrowing and simplifying the classification of a transaction between a business combination or the acquisition of a group of assets.

In line with the amendments to IFRS 3, for a set of activities and assets to be considered a business it must include, at least, some inputs along with a substantive process that, together, significantly contribute to the ability to create outputs. The IASB clarifies that the existence of outputs, present in most businesses, are not in and of themselves enough to determine whether a set of activities and assets is a business. The entity must prove that it has acquired both some inputs and a substantive process.

The classification of a process as substantive depends on the existence of outputs on the date of acquisition.

When no outputs are present, a process is considered substantive if:

(a) it's critical to the ability of the entity to develop or convert the acquired inputs into outputs, and
(b) the inputs acquired include an organized workforce with the necessary skills or experience to perform that process

For the sets of activities and assets for which there exist outputs on the date of acquisition, a process is substantive if:

(a) it's critical to the entity's ability to continue producing outputs, and the acquired inputs include an organized workforce with the necessary skills or experience to perform that process, or
(b) it significantly contributes to the ability to continue producing outputs and is considered unique, or cannot be replaced without significant cost, effort, or significant delay in the ability to continue producing outputs.

In relation to the outputs, the IASB narrows its definition to those goods and services provided to customers, removing previous references to cost reductions or other economic benefits such as returns based on dividends.

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The amendment introduces an optional "concentration" test, to simplify the assessment of whether a set of activities and assets is or is not a business. In this regard, this set is not a business if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or in a group of similar identifiable assets.

This amendment enters into force for business combinations or asset acquisitions that take place on the years beginning after January 1st, 2020.

In the case of the acquisitions of *Pedranópolis* and *Sol de Varzea*, they are purchases where no inputs are yet present (no goods and services are provided to customers yet) and, in their absence, there is also no substantive process present (because no workforce with the necessary skills or experience is included in the transaction). So, these transactions are classified as asset acquisitions in the sense that they are purchases of sets of assets (licenses, permits, etc.) and activities performed by the selling party and because, when performing the previously mentioned concentration test, its conclusion is that the transactions are not business combinations under IFRS 3. These transactions have meant additions of intangible assets for amounts of 2,505 thousand euros and 1,991 thousand euros for the *Pedranópolis* and *Sol de Varzea* acquisitions respectively (see the description of the impacts of this acquisition in note 5.2 below)

The different accounting treatment with respect to acquisitions made before January 1st, 2020 is due to:

- The new IASB definitions, which narrow down much more precisely what is considered an input, output and a process.
- The introduction of an optional test of "concentration" that did not exist before under IFRS3.
- That this amendment cannot be applied retroactively to acquisitions made before January 1st, 2020.

As of the date these consolidated financial statements were prepared, the following standards and interpretations were published by the IASB, but had not yet entered into force, either because their implementation date is set after the date of the consolidated financial statements, or because they were not yet adopted by the European Union:

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New standards, amendments and interpretations		Mandatory implementation for fiscal years from
Approved for use in the European Union:		
Amendments to IFRS 16 Leases – Rent Concessions (published on May 2020).	Amendment to facilitate the accounting of rent concessions related to COVID-19 for lessors.	June 1st, 2020
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Interest Rate Benchmark Reform – Phase 2	Amendments related to the reform of interest rate benchmarks (second phase).	June 1st, 2021
Amendments to IFRS 4 Deferment of IFRS 9's implementation	Deferment of the implementation of IFRS 9 until 2023	June 1st, 2021
Not approved for use in the European Union (date of first implementation per IASB):		
Amendments to IFRS 3 Alignment with Conceptual Framework	Amendments to IFRS 3 to align the definitions of asset and liability in a business combination with those found in the Conceptual Framework	January 1st, 2022
Amendments to IFRS 16 Proceeds before intended use	The amendment disallows reducing the cost of Property, plant and equipment through proceeds obtained from the sale of items produced while the firm is setting up the asset for its intended use.	January 1st, 2022
Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	The amendment explains that the direct cost of fulfilling a contract includes the incremental costs of fulfilling this contract and the allocation of other costs directly related to the fulfilment of the contract.	January 1st, 2022
Improvement to IFRS Standards 2018 -2020	Minor improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41	January 1st, 2022
Amendments to IAS 1 Current and non-current liability classification (published on January 2020).	Clarifications regarding the classification of liabilities as current or non-current.	January 1st, 2023 (1)
New standards IFRS 17 Insurance contracts	IFRS 4 replacement, which lays out the principles of recognition, valuation, presentation, and disclosure of insurance contracts.	January 1st, 2023

(1) *The IASB has proposed its deferment to January 1st, 2023 (Amendment draft of June 3rd, 2020).*

For the standards not yet approved by the European Union, the Group is doing a preliminary analysis of the impacts on the consolidated financial statements that these standards could have when approved by the EU and implemented under IFRS-EU. As of the date of these financial statements, the Group's management does not expect significant impacts on the statements to arise from the implementation of these standards.

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2.4 Functional and presentation currency

The items of each of the Group companies included in the consolidated annual accounts are valued and reported using the currency of the main economic environment in which the Parent Company operates (functional currency of the Parent Company).

The consolidated financial statements of the Group are presented in euros, which are the functional and presentation currency of the Parent Company. Transactions in currencies other than the functional are considered transactions in foreign currency (see note 2.6.i), and the list of the functional currency of each country can be found in annex I. Each of the subsidiaries that make up the Group uses the currency of the country in which it operates as its functional currency.

Additionally, each of the companies that make up the Group has the currency of the country in which it operates as a functional currency.

In determining the functional currency of each of the subsidiaries, the Group's board of directors consider the main economic environment in which they operate, generate, and use cash. In this regard, to determine the functional currency, the Group considers the following factors:

- the currency that fundamentally influences the sale prices of supply and installation; and,

- the currency that fundamentally influences the costs of labor, materials and other costs of producing goods or providing services;

Given the variability of the currency that influences the sale price of goods and services in each of the subsidiaries depending on the type of customer and contract, the currency that fundamentally influences costs is considered the benchmark currency to determine the functional currency, which means that the functional currency is that the country in which each subsidiary operates.

The Group has a subsidiary in Argentina, Soltec Argentina S.R.L., which became part of the Group in 2018. The economic environment of Argentina, especially the inflation of the last three years which exceeds 100%, means that retroactively since January 1st, 2018, the economy of this country was considered hyperinflationary on July 1st, 2018. Consequently, the board of directors of the Parent Company have reviewed their policy on presenting the effects of the hyperinflation situation, concluding that the impact on the consolidated profit & loss account for the year 2020 is 310 thousand euros under the heading "Loss on net monetary position" of the consolidated profit & loss account (a loss of 289 thousand euros for the year 2019). In this regard, this loss comes from recording a loss of 13 thousand euros for the loss on net monetary position of the items in the balance sheet, as well as from recording a loss of 297 thousand euros as a result the update of the profit & loss account (profit of 14 thousand euros and loss of 303 thousand euros in the year 2019 and 2018, respectively).

2.5 Significant estimates and judgments

When applying the Group's accounting policies, as described in note 2.6, the board of directors must make value judgements, estimates and assumptions regarding the carrying amount of assets liabilities that cannot be directly determined using other sources. Such estimates and assumptions are based on experience and other relevant factors. The results may differ from these estimates.

The underlying estimates and assumptions are reviewed continuously. The impacts of changes to accounting estimates are recognized in the period in which the estimate is reviewed if it only affects that period, or in the period of the change and future periods, if the change affects both the current period and future periods.

The following are the main criteria and estimates used by the board of directors when applying the Group's accounting policies:

- Determination of the transfer of control in the sale of SPVs (see note 2.6.a).
- Useful life of intangible assets and elements of property, plant and equipment (see notes 2.6.b and c).
- Evaluation of possible impairment losses of certain non-financial assets (see note 2.6.d).
- Lease term (see note 2.6.e).
- Calculation of the provision for the customer portfolio losses (see note 2.6.f).
- Recoverability of deferred tax assets (see note 2.6.j).
- Measurement of progress in revenue recognition (see note 2.6.k).
- Calculation of the provision for guarantees (see note 2.6.m).
- Classification as either business or asset in the acquisition of Special Purpose Vehicles (SPVs) (see note 2.6.p).
- Stock option plans for employees (see note 2.6.q).

Determination of the transfer of control in the sale of SPVs

The board of directors of the Parent Company, as is broken down in note 2.6.a, reckon that, in the sale of SPVs, the entity is effectively transferred when control of the entity has been transferred and the Parent Company is no longer exposed to variable returns originating from the SPV.

Thus, the transmission of the SPV is not registered until the Parent Company no longer has control over the SPV, the transmission of the SPV's equity holdings is notarized, the Parent Company is no longer exposed to the variable profits of the SPV and all contractual cancellation clauses have been met ensuring the transaction for the sale of the SPV can't be reversed.

Useful life of intangible assets and elements of property, plant and equipment

As described in notes 2.6.b and c, the Group estimates useful life of its intangible assets and elements of property, plant and equipment at the end of each fiscal year. In the preparation of these consolidated financial statements, the board of directors have determined that the useful lives were correctly estimated and, consequently, they were not changed.

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Evaluation of possible impairment losses of certain non-financial assets

There is impairment when the book value of an asset or cash-generating unit exceeds its recoverable amount (the latter is defined as the higher of: fair value minus sale costs or value-in-use). The calculation of fair value, minus sale costs, is based on the available data on sale transactions carried out at current market prices for similar assets or at the observed market prices less incremental costs of the asset's transfer. The value-in-use calculation is based on a discounted cash flow model. Cash flows are obtained from the budget for the next five years and do not include restructuring activities to which the Group has not yet committed, nor significant future investments to improve the profitability of the assets of the cash-generating unit under analysis. The recoverable amount is very sensitive to the type of discount used in the discounted cash flow model, as well as to the expected entry of future flows and the growth rate used for extrapolation purposes.

During fiscal year 2020, the Group has acquired, and generated internally, intangible assets in the form of permits, licenses and concessions (PLCs) worth 6,307 thousand euros. Additionally, during fiscal year 2019, due to the business combinations of the LEO SILVEIRA and ARAXÁ projects, the Group recorded intangible assets worth 32,170 thousand euros. These intangible assets were PLCs originating from a business combination, related to the development of photovoltaic power plants (see note 6).

The test used to determine impairment is based on the discounted cash flows, using appropriate discount factors in line with those used in the sector. Future cash flows are based on forecasts made by the Group and, therefore, involve a value judgement. The recoverability of the value of intangible assets is considered secure and certain based on the current and future estimated context the Group operates in. Future events could result in an impairment of these assets, with the associated negative effect on the Group's results.

Lease term

The lease term is the non-cancellable period of the lease, in addition to (i) the periods covered by an extension option, as long as the extension is reasonably certain; and (ii) the periods covered by a termination option, as long as the non-termination is reasonably certain.

The Parent Company's board of directors consider that the evaluation of the lease term is a critical estimate and a key value used to calculate the amount of the lease liability. This is because the lease term determines which lease payments are included when registering the lease liability. Therefore, when determining the lease term, the Parent Company's board of directors consider all relevant facts and circumstances that create economic incentives to use extension or early termination options.

The Group's board of directors regularly review the lease term in case any changes arise.

Calculation of the provision for customer portfolio losses

The Group estimates the provision for trade receivables based on the expected loss criteria, calculated primarily through historical experience across product segment and geographical areas, adjusted where appropriate for expected future alterations based on sectoral and macroeconomic circumstances.

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Recoverability of deferred tax assets

The Group evaluates the recoverability of deferred tax assets based on estimations of future taxable profits. The recoverability of deferred tax assets depends ultimately on the capacity of the Parent Company's subsidiaries where these assets were created to generate future taxable profits during the period in which the deferred tax assets are deductible. Changes in future tax rates or in expectations of taxable profit generation used to recover the book value of deferred tax assets can lead to changes in the value of these assets. In any case, the Group considers those deferred tax assets which are recovered in a reasonable period, always less than 10 years, to be recoverable.

Measurement of progress in revenue recognition

Revenue from contracts for the rendering of services is recognized in accordance with the applicable accounting standard IFRS 15 and is estimated using the percentage of performance method for contracts whose result can be reliably estimated and which are likely to generate profits. When the result of a contract cannot be estimated reliably, contract revenue is only recognized to the limit of that for which a significant reversal in the future is highly likely not to occur.

The degree of completion is determined based on the tasks performed in the contract on the date of the consolidated statement of financial position, as a percentage of the total estimated tasks, as well as your monetary valuation of each task or group of tasks for each contract. The sole director of the Parent Company, in the application of the percentage of performance method, makes estimates relating to the total estimated tasks, provisions, period of execution and recovery of claims related to the contract.

Calculation of the provision for guarantees

The analysis of guarantees granted in the supply and/or provision of goods and services requires a complex judgement to estimate the facts and circumstances (existing defects, lack of conformity, improper operation, etc.) which may occur and, because of these facts and circumstances, the degree of probability of outflow of resources resulting in the recognition of a provision in the Group's consolidated financial statements.

Classification as either business or asset in the acquisition of Special Purpose Vehicles (SPVs)

Under the new definition of a business found in IFRS 3 (see note 2.3), in the acquisition of SPVs to third parties, to determine whether the purchased SPV is a business and, therefore, falls within the purview of IFRS 3, the Parent Company board of directors evaluate whether the acquired set of activities and assets includes some inputs and at least one substantive process which together contribute in a significant manner to the SPV's ability to produce outputs. Otherwise, this purchase is classified as an asset acquisition.

Stock option plans for employees

The Group, at the time of granting a stock option, evaluates the criteria for the applicability of IFRS 2 "Share-based payments," in order to determine its fair value at the time of granting, as well as the moment at which it recognizes the goods or services received or acquired as a result of this operation.

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2.6 Valuation standards

2.6.a Principles of consolidation: subsidiaries and associated companies

i. Subsidiaries

The consolidated Group contains the Parent Company and those companies controlled by it. Control exists when the Parent Company:

- has control over the investee;
- is exposed to or entitled to variable returns from its involvement in the investee (it holds, substantially, all risks and returns); and
- can use its control over the investee to influence the amount of investor's returns.

The Parent Company evaluates whether there is a control relationship over an investee when the facts and circumstances indicate the existence of changes in one or more of the three elements listed above.

When the Parent Company does not have the majority voting rights of an investee, it is considered to have control over the investee when the voting rights are enough to grant it the ability to manage the relevant activities of the investee unilaterally and it's substantially subject to the risks and returns of these activities. As of December 31st, 2020, this circumstance does not occur in any of the investments of the Group over which it has a control relationship. The Parent Company considers all relevant facts and circumstances to assess whether the voting rights of the Company are enough to grant it control, including:

- the voting rights held by the Company in relation to the amount and dispersion of those held by other vote holders;
- the potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other agreements; and
- any additional facts and circumstances which indicate that the Company has, or not, the ability to manage the relevant activities in the moment in which those decisions must be made, including voting behavior patterns in previous shareholder meetings.

The consolidation of a subsidiary begins when the Parent Company acquires control of the subsidiary, in the case of companies acquired from third parties. In addition to the circumstances above, control is acquired when all the cancellation clauses established in the sale contract have been fulfilled and, therefore, the transaction cannot be reversed. Moreover, this excludes the consolidation of a subsidiary on the date on which control over it ceases and when all the cancellation clauses established in the sale contract have been fulfilled and, therefore, the transaction cannot be reversed, including the clauses of investee substitution.

The subsidiaries are consolidated using the full consolidation method. This method requires the following:

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1. **Temporal homogenization**. The consolidated financial statements are established on the same date and period as the financial statements of the company obligated to consolidate. The inclusion of companies whose financial-year end is different from that of the company obligated to consolidate is carried out through intermediate accounts referred to the same date and period as the consolidated financial statements.

   When a company enters or leaves the Group, the profit & loss account, the statement of changes in equity and the statement of individual cash flows to be included in the consolidation must be referred only to the part of the fiscal year in which this company has been part of the Group.

2. **Valuation homogenization**. The assets and liabilities, income and expenses and other items of the financial statements of the Group companies were valued according to uniform methods. Those assets or liabilities, or those items of revenue or expenses which have been valued according to non-uniform criteria in regard to those applied under consolidation, have been revalued, making the necessary adjustments solely for the purpose of consolidation.

3. **Aggregation**. The different items of the previously homogenized individual financial statements are aggregated according to their nature.

4. **Elimination of investment-net equity**. The book values representing the equity instruments of the subsidiary company held, directly or indirectly, by the Parent Company, are offset by the proportional share of the net equity items of the subsidiary company attributable to the interests, generally based on the amounts deriving from the application of the acquisition method described above. In subsequent consolidation processes to the fiscal year in which control was acquired, the surplus or shortfall in equity generated by the subsidiary company from the acquisition date which is attributable to the Parent Company is presented in the consolidated financial statement under the items of reserve or other comprehensive income, according to their nature. The share attributable to non-controlled interests is part of the non-controlling interest item.

   Changes to the ownership interest in a subsidiary company that do not result in a loss of control will be accounted for as equity transactions, i.e. any difference will be recognized directly in the net worth.

5. **Non-controlling interests**. The valuation of non-controlling interests is carried out based on their effective interest in the net equity of the subsidiary company after incorporating the previous adjustments. Consolidated goodwill is not attributed to non-controlling interests. The surplus between losses attributable to the non-controlling interests of a subsidiary company and the part of the net equity which proportionally corresponds to them is attributed to the latter, even when this entails a debtor balance under this item.

6. **Elimination of intra-group items**. Credits and debts, revenue and expenses and cash flows between Group companies are wholly eliminated. Furthermore, all income produced by internal transactions is eliminated and deferred until it is carried out with parties unrelated to the Group.

   The companies that are part of the scope of consolidation of these consolidated financial statements, as well as their main features, are detailed in Annex I to the consolidated financial statements.

ii. Associated companies

An associated company is an entity over which the Group has significant influence, and which cannot be considered a subsidiary nor an investee through a joint venture. Significant influence is the ability to intervene in

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decisions about the financial and operational policies of the investee, without having absolute control or joint control of it.

The profit and losses, assets and liabilities of associated companies are included in these consolidated annual accounts applying the equity method.

When the equity method is applied for the first time, the interest in the associated company is valued by the amount which the investment percentage represents in the net equity of the Group, after adjusting their net assets to their fair value at the date on which significant influence is acquired. In general, investment in an associated company is initially valued at cost. The book value of the interest is amended (increased or decreased) in the proportion corresponding to the Group companies, due to changes experienced in the net equity of the investee since the initial valuation, once the proportion of unrealized income generated in transactions between this company and Group companies has been eliminated.

Changes in the value of the interest corresponding to the investee's fiscal year income form part of the consolidated income, appearing under the item “Share in profit/(loss) investments valued using the equity method”. However, if the associated company incurs losses, the reduction of the representative account of the investment will be limited at the interest's book value. If the interest has been reduced to zero, the additional loses and the corresponding liability will be recognized to the extent that legal or contractual obligations have been incurred or if the Group has made payments on behalf of the investee.

The difference between the net book value of the interest in the individual financial statements and the amount cited in the previous paragraph constitutes goodwill which is included in the item "Investments accounted for by the equity method". In the exceptional case that the difference between the amount at which the investment is registered in the individual financial statements and the proportional share of the fair value of company net assets is negative, such difference will be recorded in the consolidated profit & loss account, after having reassessed the allocation of fair values to the associated company assets and liabilities.

The IAS 36 "Impairment of Assets" criteria are applied to determine whether it is necessary to recognize any impairment loss in relation to the Group's interest in an associated company. Where applicable, the total carrying amount of the interest (including goodwill) will be subject to impairment tests as a single asset, comparing its recoverable amount (the higher between its use value and its fair value minus sale costs) with its carrying amount. Any impairment loss that has been recognized is part of the carrying amount of the interest. Reversals of this impairment loss are recognized in accordance with IAS 36, to the extent that the recoverable amount of the investment is subsequently increased.

If the transfer of an associated company would result in the loss of its status as associated company, any remaining percentage of interest would be measured at its fair value on the date of transfer, and fair value is understood as that recorded at the time of its initial recognition as a financial asset. The difference between the previous carrying amount of the associated company attributable to the interest held and its fair value is included in the calculation of the loss or gain derived from the transfer of the associated company. Additionally, all amounts previously recognized in the consolidated comprehensive profit & loss account in relation to that associated company are accounted for by the Group according to the same criteria as if the associated company had directly transferred the related assets or liabilities. Therefore, if a loss or gain previously recognized in the consolidated comprehensive profit & loss account is reclassified to the consolidated profit & loss account as a consequence of the sale of related assets or liabilities, the Group will reclassify the loss or gain of the equity to the consolidated profit & loss account (as a reclassification adjustment) when the associated company status is lost.

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The Group will continue using the equity method when the investment in the associated company becomes an investment in a joint venture. There is no reassessment at fair value for these changes in interest.

When there is a reduction of interest in the associated company, but without the loss of this condition, the new investment will be valued at the amounts corresponding to the percentage of interest retained, with the proportion of loss or gain recognized in other comprehensive profit & loss relating to the interest reduction being reclassified to the consolidated profit & loss account if the loss or gain had been reclassified to the consolidated profit & loss account in the transfer of these assets or liabilities.

When a Group entity carries out transactions with its associated company, the losses and gains resulting from the transactions with the company are recognized in the Group consolidated financial statements only to the extent of the interests in the associated company which are not related to the Group.

Annex II details the subsidiaries that the Group has classified as associated companies as of December 31st, 2020. In this regard, the Parent Company's board of directors has determined that it doesn't hold significant influence over the investees listed on annex II as a consequence of the events described on note 5.4. As of December 31st, 2019, the Group did not classify any subsidiary as an associated company.

2.6.b Intangible assets

As a rule, intangible assets are initially valued at their acquisition price or production cost. Subsequently, they are valued at their cost minus any accumulated depreciation and, where applicable, any impairment losses they may have undergone in accordance with the criterion indicated in Note 2.6.d.

1. **Development**: An intangible asset arising from development (or from the development phase of an internal project) will be recognized as such if, and only if, the entity can prove the following:

- It is technically feasible to complete the production of the intangible asset so that it can be made available for use or sale.

- Its intention to complete the intangible asset in question for use or sale.

- Its ability to use or sell the intangible asset.

- The way in which the intangible asset will generate probable economic gains in the future. Among other things, an entity must prove the existence of a market for the output that the intangible asset generates, or for the asset itself, or - if it is to be used internally - its usefulness to the entity.

- The availability of adequate technical, financial or other resources to complete the development and to use or sell the intangible asset.

- Its ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognized as internally generated intangible assets is the amount of expenditure incurred from the date on which the intangible asset first meets the recognition criteria listed above. When an internally generated intangible fixed asset cannot be recognized, the development expense is recognized in the consolidated profit & loss account in the period in which it is accrued. Research expenditure is recognized as an expense in the period in it is accrued.

After the initial recognition, the internally generated intangible asset is registered at cost less accumulated depreciation and impairment losses, according to the same criteria as intangible assets which are acquired separately. Its maximum useful life is 5 years.

2. Other intangible assets:

In this item, the Group registers:

- **Industrial property**: This item registers the amounts paid for the acquisition of the property or the right to use the different manifestations of it, or for the expenses incurred for the registration of that property developed by the Group. Industrial property is depreciated on a straight-line basis throughout its useful life, which has been estimated at 10 years.

- **Computer applications**: The Group registers the costs incurred in the acquisition and development of computer programs in this account. Maintenance expenses of computer applications are recognized in the profit & loss account for the fiscal year in which they are incurred. Depreciation of computer applications is performed by applying the straight-line method over a period of 4 years.

- **Permits, Licences and Concessions (PLCs):** The Group registers the PLCs for the construction and operation of solar power plants purchased from a third-party (see note 2.6.b.1).

  PLCs developed internally

  The asset is recognized when it meets all requirements for the recognition of Development mentioned above (see note 2.6.b.1). In particular, the Parent Company's board of directors consider that these requirements are met, based on their historical experience and the sector's usual policies once the agreements over land (or future lease option) are formalized and the connection permit has been granted. Nevertheless, the Group analyzes projects individually to determine that it is probable that the project will generate future economic benefits, capitalizing the PLCs arising from those projects that fall within a framework sale agreement with a third party.

  Similarly, the intangible asset is valued at the amount of expenses incurred since this asset meets the recognition requirements for the first time, that is, when the land agreements are formalized, and the connection permit has been granted. When an internally generated intangible asset may not be recognized, related expenses will be registered in the consolidated profit & loss account for the period in which they are incurred.

  PLCs acquired separately

  When the asset is purchases, the generation of future economic benefits is deemed as probable and, thus the Group may recognize an intangible asset. This asset is valued, initially, at cost.

  PLCs acquired as part of a business combination

  The fair value of this intangible assets arises as a cost calculated by an independent expert through the Purchase Price Allocation process. This is carried out through the discounting of future cash flows according to the business plan of each project, adjusting future cash flows according to the degree of progress of the project at the moment of transmission.

Additionally, the acquired SPVs hold long-term contracts for the sale of electricity, or "Power Purchase Agreements" (PPA), with multiple year terms. These contracts do not have a value of their own but relate to the PLCs as they allow for future cash flows to be estimated with a high degree of certainty.

These assets have a useful life of 35 years. They are amortized following the straight-line method, and the amortization will begin when they are ready to be used according to the plans laid out by the Group's management, that is, when they are ready to receive economic benefits derived from their use, regardless of when they are effectively put into use. The Parent Company's board of directors consider this moment to be reached when the construction phase of the project ends and the commercia operating phase begins, even if the effective production start happens later.

Disposals of intangible assets

An intangible asset is considered disposed of at the time of its sale or when no future economic benefit is expected from its use or sale. Gains or losses arising from the disposal of an intangible asset, measured as the difference between the net profit from the sale and the book value of the asset, are recognized in the consolidated profit & loss account when the asset is disposed of.

2.6.c Property, plant and equipment

Elements of property, plant and equipment are initially valued at their acquisition price. Subsequently, their value is reduced by the corresponding accumulated depreciation and impairment losses, if any, in accordance with the criteria mentioned in note 2.6.d.

Upkeep and maintenance expenses relating to property, plant and equipment are registered in the consolidated profit & loss account for the year in which they are incurred. On the other hand, expansion, modernization, and improvement costs which result in increased productivity, capacity or efficiency, or an increase in the useful life of the assets, are capitalized as higher cost of the corresponding asset. Substitutions or renewals of elements of property, plant and equipment are registered as assets, with the consequent removal of the substituted or renewed items from the consolidated balance sheet.

Elements of property, plant and equipment are systematically depreciated based on the estimated useful life of the assets, distributing, using the straight-line method, the cost of the assets minus their residual value across the years of estimated useful life, detailed as follows:

	Estimated useful life
Buildings	33
Technical facilities and other tangible assets:	
Technical facilities and machinery	7-30
Tools, other facilities and furniture	7-10
Other tangible fixed assets	4-6

This useful life is applicable to the items acquired after January 1st, 2016 (date of first implementation of IFRS-EU in the consolidated financial statements of Soltec Energías Renovables, S.L. and subsidiaries). Other items were assigned their net book value at the time of first application of IFRS-EU as attributed cost, depreciating since then over the remaining period of useful life from the date of the first application.

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Property, plant and equipment items are disposed of when it is sold or when future economic benefits are not expected from its continued use. Gains or losses arising from the sale or disposal of an element of property, plant and equipment are determined as the difference between the sale price and the book value of the asset and are registered in the consolidated profit & loss account.

In addition, in accordance with IAS 16 "Property, plant and equipment", the incurred expenses of elements of property, plant and equipment that comply with the properties listed in the standard in order to be capitalized as an increase in the value of fixed assets are recognized as assets if, and only if, it is considered probable that the economic benefits derived from the item will flow to the entity and the cost of the item can be measured reliably. Regarding this, no expenses have been capitalized as higher value of property, plant and equipment during fiscal year 2020 (same situation for fiscal year 2019).

2.6.d Impairment of intangible assets and elements of property, plant and equipment

The Group follows the criterion of assessing the existence of indications that could show the potential impairment of non-financial assets subject to depreciation or amortization, to verify whether the book value of the assets exceeds their recoverable value. To do so, a test known as "Impairment Test" is carried out, which verifies the possible existence of impairment that reduces the recoverable value of the assets to an amount lower than their book value.

Also, regardless of the existence of any indication of impairment, the Group tests, at least annually, for potential impairment affecting intangible assets with an indefinite useful life and intangible assets not yet available for use. As of December 31st, 2020, the Group has no assets with an indefinite useful life (same situation as of December 31st, 2019).

The recoverable amount is the higher of the fair value minus the sale cost and the value-in-use. To estimate value-in-use, the Group prepares estimates of future pre-tax cash flows based on the most recent budgets approved by the Parent Company's board of directors. These budgets incorporate the best available estimates of revenue and expenses deriving from cash-generating units using past experience and future expectations. These forecasts cover the next five years, estimating the flows for future years by applying reasonable growth rates that, in no case, are increasing or will exceed the growth rates of previous years. In evaluating value-in-use, estimated future cash flows are discounted to their present value using a risk-free market rate of interest, adjusted for asset-specific risks that have not been considered in estimating future cash flows.

Additionally, the calculation made to evaluate the possible impairment of PLCs associated with projects is carried out through financial projections. These projections are performed for each project, taking into consideration the estimated date the production starts, the useful life of the project, and by making estimations on the impact of the crisis on the macroeconomic scenarios. The key assumptions of these projections are the estimation of the production capacity to be installed, the development and construction expenses of the projects, operating costs (projects efficiency), and the sale price of electricity (only for the amount not set through a Power Purchase Agreement); all assumptions based on the past experience of the Group's management and discounted with a discount rate of 11.20% (10.95% during fiscal year 2019).

Also, the Group's management considers, where relevant, the sale price reached through a third-party agreement after year-end as a value benchmark which determines the recoverable value at end-of-year.

A recoverable value must be determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable

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amount is determined for the cash-generating unit to which it belongs. The Group identifies the projects carried out by the sub consolidated groups as cash-generating units, as described in note 4 of these consolidated financial statements.

On each closing date, the Group evaluates whether there is any indication that the loss owing to a value impairment recognized in previous years no longer exists or may be lower. When an impairment loss is reverted, the book value of the asset or cash-generating unit is increased by the adjusted estimation of its recoverable value, but without the increased book value exceeding the book value of the asset had no impairment been recognized on previous years. The reversal of impairment losses is registered on the consolidated profit & loss account.

For the fiscal year 2020, the Group has registered losses corresponding to the impairment of PLCs associated with the project LEO SILVEIRA for 674 thousand euros, as it has determined that the sale price of the PLC's agreed with a third-party is an adequate benchmark for the recoverable amount (see notes 5.4 and 6). After performing the appropriate analyses, the Group has not registered losses associated to impairment of plant, property and equipment. No impairment losses, neither on intangible assets nor on plant, property and equipment, were recognized on the fiscal year 2019.

2.6.e Leases

The Group evaluates whether a contract is, or contains, a lease at the beginning of the contract. The Group recognizes an right-of-use asset and a lease liability for all lease contracts in which it holds the position of lessee, except for short-term leases (defined as leases with a term of 12 months or less) and leases of low value assets (the analysis is made on a contract by contract basis). For these leases, in which the right-of-use asset and the corresponding lease liability are not recognized, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless a different systematic basis is more representative of the time pattern in which the economic benefits of the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments, discounted using the implicit lease rate. If this rate cannot be readily determined, the Group calculates the corresponding incremental interest rate considering factors such as geography, currency, type of asset and term of the lease.

Lease payments included in the valuation of the lease liability include:

- fixed payments (including essentially fixed payments), minus any receivable incentive;
- variable lease payments, which depend on an index or a rate, initially measured using the index or rate on the start date;
- residual value guarantees expected to be paid;
- the strike price of a purchase option if the Group is reasonably sure to exercise the option;
- penalty payments arising from the termination of the lease, if the term of the lease reflects that the Group will exercise an option to terminate the lease.

The lease liability is shown in the consolidated balance sheet under "Non-Current Financial Liabilities" and "Current Financial Liabilities - Other Current Financial Liabilities".

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The lease liability is subsequently measured by increasing its book value to reflect interests on the lease liability (using the effective interest rate method) and by reducing its book value to as lease payments made are.

The Group re-measures the lease liability (and makes an adjustment against the right-of-use asset) if:

- there is a change in the term of the lease or there is a significant event or change in circumstance which results in a change in the evaluation of the exercise of the purchase option, in which case the lease liability is valued again, discounting the revised lease payments using a revised discount rate based on the amended lease term;

- there is a change in lease payments due to changes in an index or rate or due to a change in the expected payment under a guaranteed residual value, in which case the lease liability is remeasured, discounting the revised lease payments using the original discounted rate (unless the change in lease payments arose due to a change in the variable interest rate, in which case a revised discounted rate is used);

- a change in the lease has occurred which has not been accounted for as a separate lease, in which case the lease liability will be remeasured, discounting the lease payments by applying a revised discount rate based on the modified lease term.

Of the previous adjustments, in these financial statements only an adjustment for inflation has been made to “Right-of-use” assets and lease liabilities.

The right-of-use asset includes the initial valuation of the lease liability, lease payments made before or on the start date, minus lease incentives received and initial direct costs. Subsequently, they will be valued at cost minus accumulated depreciation and accumulated impairment losses.

The right-of-use asset will be depreciated over the shorter of the lease term or the useful life of the underlying asset. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated during the useful life of the underlying asset. Depreciation begins on the start date of the lease.

The right-of-use asset is presented as a separate item in the balance sheet.

The Group applies IAS 36 to determine if a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.6.d.

Variable income payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other operating expenses" in the consolidated profit & loss account (see note 16.5).

The accounting standard allows, as a practical solution, that a lessee, by type of underlying asset, does not separate non-lease components from lease components, and instead registers any lease and associated non-lease components as a single agreement. The Group has not used this practical solution. For contracts that contain a lease component and one or more additional lease or other non-lease components, the Group will distribute the consideration of the contract amongst each component of the lease based on the relative price independent of the lease component and the aggregate price independent of non-lease components.

There are no significant contracts in which the Group acts as a lessor.

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2.6.f Financial instruments

Financial assets and liabilities are recognized in the consolidated balance sheet when the Group take part of the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and liabilities (other than financial assets or liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets or liabilities, as appropriate, in the initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets or liabilities at fair value through profit or loss are recognized immediately in the profit & loss account.

Financial assets

All recognized financial assets will be subsequently measured, in full, at amortized cost or fair value, depending on their classification.

Classification of financial assets:

Debt instruments that meet the following conditions will be subsequently measured at amortized cost:

- the financial asset is managed within a business model whose objective is to maintain the financial assets to obtain contractual cash flows; and

- the contractual conditions of the financial asset give rise, on specific dates, to cash flows which are only payments of the principal and interest on the amount of the outstanding principal.

Debt instruments that meet the following conditions will be subsequently measured at fair value with changes in other comprehensive profit/loss:

- the financial asset is managed within a business model whose objective is achieved obtaining contractual cash flows and selling financial assets; and

- the contractual conditions of the financial asset give rise, on specific dates, to cash flows which are only payments of the principal and interest on the amount of the outstanding principal.

By default, all other financial assets are subsequently measured at fair value through profit or loss.

Notwithstanding the previous, the Group may make the following irrevocable choice in the initial recognition of a financial asset:

- the Group may irrevocably choose to present subsequent changes in the fair value of an equity instrument in other comprehensive profit/loss if certain criteria are met; and

- the Group may irrevocably designate a debt instrument at fair value through profit or loss, if doing so eliminates or significantly reduces an accounting discrepancy.

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Impairment of financial assets

The Group recognizes a provision for expected credit losses on investments in debt instruments which are measured at amortized cost or fair value through profit or loss, lease receivables, trade receivables and other contractual assets, as well as in financial guarantee contracts. The amount of expected credit losses is updated on each reporting date to reflect changes in credit risk since the initial recognition of the financial instrument.

The Group recognizes the expected credit losses for the entire life of the asset for trade receivables, other contractual assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical experience of credit losses, adjusted for factors specific to debtors, general economic conditions and an assessment of both current direction and the forecast of conditions on the date of the report, including the time value of money when applicable.

For all other financial instruments, the Group recognizes the expected credit losses for the entire life of the asset when there has been a significant increase in credit risk since the initial recognition.

The expected credit losses for the entire life of the asset represent the expected credit losses that will result from all possible events of default during the life of the financial instrument.

Cancellation policy

The Group writes off a financial asset when there is information indicating that the debtor is in serious financial difficulties and there are no reasonable expectations of recovery, for example, when the debtor has been liquidated or entered bankruptcy proceedings. The retired financial assets may be subject to compliance performance activities under the Group's recovery procedures. Any recovery of the amount will be recognized as income.

Disposal of financial assets

The Group disposes a financial asset only when the contractual rights over its cash flows expire, or when it transfers the financial asset and, substantially, all the rights and obligations of ownership of the asset to another entity. If the Group does not substantially transfer or retain all rights and obligations of the property, and continues to control the transferred asset, the Group recognizes its interest in the asset and a liability associated therewith for the amounts that it must pay. If the Group substantially retains all rights and obligations of ownership of a transferred financial asset, it will continue to recognize the financial asset, as well as a loan secured by the revenue received.

When retiring a financial asset valued at amortized cost, the difference between the book value of the asset and the consideration received is recognized in income. In addition, by cancelling an investment in a debt instrument valued at fair value through profit or loss in other comprehensive income, the gain or loss previously accumulated in adjustments for changes in net worth value is reclassified to income. On the other hand, by cancelling an investment in an equity instrument which the Group has chosen in the initial recognition to measure at fair value through profit or loss in other comprehensive income, the gain or loss previously accumulated in adjustments for change in equity value is not reclassified to income but is transferred to retained earnings.

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Cash and cash equivalents

This heading of the consolidated balance sheet includes cash, demand deposits and other short-term investments, whose maturity is not more than three months from the acquisition, of high liquidity, which are readily convertible, and which are not subject to any risk of changes in value.

Financial liabilities and equity instruments

Debt and equity instruments are classified as financial liabilities or as equity instruments in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognized for the amount received, net of direct issuance costs.

The purchase of the Group's own equity instruments is recognized and deducted directly from equity. No gain or loss is recognized as a result of the purchase, sale, issuance or cancellation of the Group's own equity instruments.

Financial liabilities

Financial liabilities are those loans and accounts payable that the Group holds, and which have arisen from the purchase of goods and trade operation services, or those which, not having commercial substance, cannot be regarded as derivative financial instruments or equity instruments.

Accounts payable are initially recognized at the fair value of the consideration received, adjusted by the directly attributable transaction costs. Subsequently, all financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method used to calculate the amortized cost of a financial liability and to allocate interest expenses during a specific period. The effective interest rate is the rate that discounts estimated future cash payments (including all fees and percentage points paid or received which form an integral part of the effective interest rate, transaction costs and other premiums or discounts) throughout the expected life of the financial liability, or (when applicable) within a shorter period, equal to the sum of such discounted flows to the amortized cost of a financial liability.

The Group classifies debts with suppliers that are included in confirming contracts under the heading "Trade and other accounts payable - Supplier" in the consolidated balance sheet, insofar as while it is not overdue commercial debt, it does not constitute debt with financial institutions. Meanwhile, if the account payable is overdue and has been settled by the corresponding financial institution, the Group also classifies debts with suppliers under the heading "Trade and other accounts payable - Supplier". At the closing of the 2020 fiscal year, the amount of mature and settled commercial supplier debt is 1,324 thousand euros (1,100 thousand euros as of December 31st, 2019) (see note 10.2).

Customer advances originate as a result of payments on account received from customers at the time of the entering into the contract. These advances are delivered at the beginning of the project and are subsequently

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compensated by the Group in the invoicing of the project. The advances will need to be repaid to the customer if the Group is unable to satisfy the supply and installation of solar trackers under the agreed conditions, except in the event of force majeure. As of December 31st, 2020, the Group registered 4,477 thousand euros corresponding to advances received from customers under the heading "Trade creditors and other accounts payable - Other accounts payable" (11,668 thousand euros as of December 31st, 2019).

Disposal of financial liabilities

The Group disposes of financial liabilities when, and only when, the Group's obligations are met, cancelled, or have expired. The difference between the book value of the retired financial liability and the remuneration paid is recognized in the consolidated profit & loss account.

When the Group exchanges a debt instrument for another with substantially different terms from the existing lender, such exchange is accounted for as an extinction of the original financial liability and the recognition of a new financial liability. Likewise, the Group accounts for the substantial amendment of the terms of an existing liability or part thereof as an extinction of the original financial liability and the recognition of a new liability. For these purposes, the conditions will be substantially different if the present value of the discounted cash flows under the new conditions, including any net commission paid of any commission received, and using the original effective interest rate to make the discount, differs by at least 10 percent from the present discounted value of the cash flows remaining from the original financial liability. If the amendment is not substantial, the difference between: (1) the carrying amount of the liability before the amendment; and (2) the present value of cash flows after the amendment must be recognized in income as profit or loss as a result of amendment.

2.6.g. Derivative financial instruments

The Group has several derivative financial instruments to manage its exposure to exchange rate risks, including futures contracts and currency options.

Derivatives are initially recognized at fair value on the date the contract is agreed upon, and subsequently re-valued at fair value on each filing date. The fair value is calculated by adapting the forward maturity points to the valuation date and then considering the current spot. The resulting profit or loss is immediately recognized in income unless the derivative is designated as a hedging instrument and is effective. The impact on the profit and loss account for the year 2020 by currency can be seen in note 10.3.

Within the framework of these operations, the Group buys exchange rate insurance, classified as derivative financial instruments measured at fair value through profit and loss, as, at the initial stage, there is no formal designation and documentation of the hedging relationship.

The exchange rate insurance contracts are both simple currency purchase contracts at a pre-established exchange rate agreed with the corresponding financial institution, and cumulative exchange rate contracts, in which certain maximum and minimum exchange rate levels are established between the corresponding foreign currency and the euro, and, depending on the evolution of the price thereof, the contracted nominal amount increases according to the specific proportions established in each contract.

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2.6.h Inventories

Stock is valued at the lower of acquisition cost, production cost, or net realizable value. Trade discounts, rebates, and similar items and interests incorporated into the nominal amount of debits are deducted when determining the acquisition price.

The criteria applied for the valuation of inventories are as follows:

- Commercial inventories, whether or not they are subsequently modified, are recorded at production cost, which includes the cost of direct materials and, where applicable, the costs of direct labor.

- Inventories in progress, corresponding to commercial merchandises on consignment by suppliers who carry out processing services such as galvanizing, is valued at production cost, which includes the cost of incorporated materials, labor and direct and indirect product expenses incurred up to that date.

The Group uses the FIFO method to assign value to its inventories. The net realizable value represents the estimated sales price less all estimated costs necessary to complete its manufacturing and the costs that will be incurred in the marketing, selling, and distribution processes.

The Group also carries out the appropriate impairment valuation corrections, recognizing these as an expense in the consolidated profit & loss account when the net realizable value of inventories is lower than its acquisition price or production cost. At the end of the fiscal year 2020, the Group has recognized 556 thousand euros as impairment losses on inventories (none, and no amount was provisioned, as of December 31st, 2019).

The Group's policy is to buy insurance policies to cover the possible risks applicable to the various elements of its inventories, the inventories are sufficiently covered as of December 31, 2020, in the opinion of the board of directors of the Parent Company (same situation as of December 31st, 2019).

Additionally, the Group carries out, under certain circumstances, “Bill and Hold” transactions with certain customers in which rights and control over the merchandise are effectively transferred to the customer, but in which the inventories remain physically at the Group’s facilities. For these specific agreements to take effects, the Group considers that there must be substantial motives to carry out this transaction, agreement on the side of the third-party, the merchandise must be identified separately from the rest of the inventories, be ready for shipping to the customer, and can’t be sold to any other customer. As of December 31st, 2020, the Group had recognized 4,201 thousand euros as income arising from transactions of this nature (no income was recognized as of December 31st, 2019).

2.6.i Foreign currency transactions

Conversion of financial statements in a currency other than the euro

The financial statements of a Group company whose functional currency is not the euro are converted in accordance with the following rules:

1. All rights and obligations are converted at the exchange rate applicable on the closing date of the financial statements.

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2. The items in the profit & loss accounts of each foreign company are converted to euros (presentation currency) using the average annual exchange rate, calculated as the average of the daily exchange rates for day of the fiscal year, which does not differ significantly from using the exchange rates applicable on the dates of each transaction.

3. The difference between the amount of net equity, including the profit/loss calculated as described in point 2, converted at the historical exchange rate, and the net equity situation resulting from the conversion of rights and obligations under section (1) above, is recorded, positively or negatively as appropriate, in the consolidated comprehensive profit & loss account as translation differences. Cash flows are converted at the exchange rate on the date on which the transaction occurred or using a monthly weighted average exchange rate, provided that there have been no significant variations.

The conversion to the presentation currency of the income of companies to which the equity method is applied is carried out, where appropriate, at the average exchange rate for the year, calculated as indicated in section 2 above. Only in the case of balances from the Group company based in Argentina, has the corresponding hyperinflation adjustment been made (see note 2.4).

The translation differences registered in the consolidated comprehensive profit & loss account are recognized in the consolidated profit & loss account for the period in which the investment in the consolidated company is retired or otherwise disposed of.

Foreign currency transactions and balances

Transactions in a currency other than the functional currency of each Group company are converted to the functional currency of the Group company using the exchange rates prevailing on the dates of the transactions. The exchange rate gains and losses deriving from the settlement of these transactions and the conversion into the closing exchange rates of the monetary assets and liabilities denominated in foreign currency are recognized in the consolidated profit & loss account under the heading of "Net exchange rate differences", unless they are imputed directly to equity, as in the case of cash flow hedges and net investment hedges.

Goodwill, the allocation to the goodwill and any adjustment to fair value of assets and liabilities derived from business combinations in a foreign currency are considered elements of the acquired entity and are therefore converted at the applicable exchange rate on the closing date of the financial statements. Exchange rate differences originating from the business combinations are registered as changes on net equity.

Non-monetary items recorded at fair value denominated in foreign currencies are converted at the rates applicable on the date on which the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not converted again.

2.6.j Income Tax

The income tax expense or profit comprises the part corresponding to the current tax expense or revenue and the part corresponding to the deferred income tax expense or revenue.

Current tax is the amount paid by the Group as a consequence of the corporate income tax paid for a given fiscal year. The current income tax assets or liabilities are valued at the amounts expected to be paid to or recovered from the tax authorities, using the regulations and tax rates which have been approved or are pending approval

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on the closing date. Deductions and other tax advantages to the tax rate, excluding retentions and payments on account, as well as tax losses from prior fiscal years that may be offset and which are applied in the current year, generate a lower current tax amount.

Current or deferred income tax is recognized in the consolidated profit & loss account unless it arises from a financial transaction or business event which is recognized against net worth or from a business combination.

Deferred tax liabilities are the amounts payable in the future as corporate income tax relating to taxable temporary differences, while deferred tax assets are the amounts to be recovered due to the existence of temporary deductible differences, negative taxable bases to be offset or deductions pending application. For these purposes, temporary difference is understood as the difference between the book value of assets and liabilities and their tax base.

Recognition of deferred tax liabilities

The Group always recognizes deferred tax liabilities, except in the following cases:

- when they arise from the initial recognition of goodwill or from an asset or liability in a transaction which is not a business combination, and which affects neither the accounting profit/loss nor the taxable base on the date of transaction.

- when they correspond to differences related to investments in subsidiaries, associated companies and joint ventures over which the Group has the ability to control the timing of their reversal and for which it is unlikely that differences will be reversed in the foreseeable future.

Recognition of deferred tax assets

The Group recognizes deferred tax assets provided that:

- it is probable that there will be enough future taxable profits for their compensation or where tax legislation provides for the possibility of future conversion of deferred tax assets into an enforceable credit against public administration. However, assets arising from the initial recognition of assets and liabilities in a transaction which is not a business combination, and which affects neither accounting profit/loss nor the taxable base on the date of transaction are not recognized.

- they correspond to temporary differences related to investments in subsidiaries, associated companies, and joint ventures to the extent that the temporary differences will be reversed in the foreseeable future and it's expected to generate positive future tax gains to offset the differences.

Valuation of assets and deferred tax liabilities

Deferred tax assets and liabilities are valued at the tax rates which will apply in the years in which the assets are expected to be realized or liabilities expected to be settled, based on the regulations and rates which are approved, or which are pending approval, once considered the tax consequences which will result from the way in which the Group expects to recover the assets or settle the liabilities.

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The Group reviews at year end the accounting value of deferred tax assets, to reduce this value in case it is unlikely that there will be enough future positive tax bases to compensate them.

Deferred tax assets that do not meet the above conditions are not recognized in the consolidated financial statement. At year end, the Group reconsiders if the conditions for recognizing deferred tax assets which previously had not been recognized have been met.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to taxes collected by the same financial authority, and when the Group intends to liquidate its current tax assets and liabilities on a net basis.

Likewise, at the consolidated level, the differences that may exist between the consolidated value of an investee and its tax base are also considered. In general, these differences arise from the accumulated income generated from the date of acquisition of the investee, from tax deductions associated with the investment and from the translation difference, in the case of investees with a functional currency other than the euro. Deferred tax assets and liabilities arising from these differences are recognized unless, in the case of taxable differences, the investor can control the moment of difference reversal and when it is likely that such difference will not be reversed in the foreseeable future, and, in the case of deductible differences, if it is expected that the difference will not be reversed in the foreseeable future and it is unlikely that the company will have future taxable profit in sufficient amount.

2.6.k Revenue recognition from contracts with customers

The Group recognizes revenue from the following sources:

- Supply of trackers and market guarantees granted;

- Engineering services

- Tracker installation services;

- Commissioning, operational and maintenance services; and

- Prospection, development and/or construction of solar power plants;

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, and excludes the amounts collected on behalf of third parties. The Group recognizes revenue when transferring control of a product or service to a customer.

Supply of trackers

The Group supplies the customer, through its own distribution network, with the number of trackers as agreed upon in the contract. Guarantees relating to the supply of trackers (the years of guarantee differ between the structural components and the electrical components that form the trackers) cannot be purchased separately and serve as a guarantee that the sold products comply with the agreed specifications, being in accordance with the usual market practices. Therefore, the Group registers guarantees in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” (see note 2.6.m).

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Revenue for the supply of the set of trackers necessary for the operation of the plant is recognized throughout the supply period of the trackers, as the customer acquires control of the asset and the Group has the enforceable right to payment for work that has been completed to date. Supply is completed by plot of the customer's solar power plant land; once the supply of a certain plot is completed and has been confirmed by the customer, the invoicing and payment of the corresponding part takes place. Therefore, revenue is measured based on the product method, as this is the method which best reflects the transfer of control to the customer, measured as the ratio of the value to the customer of the goods transferred so far, in relation to the pending goods which the company has contractually committed to supply. According to the usual contractual terms used by the Group, the transfer of control to the customer is normally determined by the Incoterm agreed in each of the commercial agreements.

No right of return is provided for within the Group's standard contractual terms.

Engineering services

The Group offers engineering services for those projects where it supplies its solar trackers. When engineering services are rendered, they are included in a single contract along with the supply. The services are recognized as a separate performance obligation, given that the customer could contract them through other suppliers.

When a contract has more than one performance obligation, the Group allocates the price amongst the identified obligation. This allocation is made based on an independent sale price for each separate good or service. This sale price represents, fundamentally, the price at which the Group would sell similar goods and services separately.

As of December 31st, 2020, 528 thousand euros in revenue have been recognized corresponding to engineering services (no engineering services revenue was registered for the fiscal year 2019).

Tracker installation services

The Group offers tracker installation services. Where installation services are agreed upon, they are included in a single contract together with the tracker supply. These services are recognized as a separate performance obligation, as the customer could acquire them through other suppliers.

As is the case for engineering services, if the Group identifies a separate performance obligation for tracker installation services, then it allocates the transaction price amongst the identified obligations.

Tracker installation services are rendered over time. Revenue from these installation services is recognized based on the percentage of contract carried out. The board of directors consider that the measurement of revenue as the ratio between the completed portion and the full commitment is an appropriate measure of progress towards full compliance with these performance obligations under IFRS 15. The completed portion is determined as the percentage of the costs accrued over the total budgeted costs, considering any possible deviations, for the various milestones across which the service is divided (physical installation, electrical installation, etc.), valued at the sale price of the service provided during the period. Payment for installation services is made based on these milestones; therefore, a contractual asset will be generated by the rendered services but not yet invoiced.

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Commissioning, operational and maintenance services

The Group offers its customers the commissioning service for the plant, once the installation of the solar power plant has been completed (whether the Group installed it or not). This service may be performed by a third party and is usually paid.

Moreover, the Group offers its customers operational and maintenance after-sales services. These services relate to the preventive after-sales maintenance work of trackers and, in general, the rest of the products and services are contracted separately. Therefore, maintenance services are considered a separate service, since the Group supplies them to customers independently and as they have the capacity to choose whether to contract them. Discounts are not considered, as they are only given in exceptional circumstances and are never material.

Revenue related to commissioning is recognized at the time the service is provided. Likewise, revenue related to maintenance services is recognized over time, on a straight-line basis throughout the service period and, generally, the services are invoiced quarterly.

Other services

The Group includes here the revenues generated by Powertis, S.A. during the fiscal year 2020, whose activity mainly consists of the provision of internal consulting services to special purpose vehicles (SPVs), whether they are controlled by the Group, the Group is in the process of taking control over them, or they have been transferred. The recognition criteria followed has been to consider only those revenues invoiced to fully or partially transferred SPVs, which the Group no longer controls but still holds contractual relationships for the rendering of project development services. During the fiscal year 2020, revenues owing to these services have amounted to 632 thousand euros (140 thousand euros during fiscal year 2019) (see note 16.1).

2.6.l Other revenue and expenses

Revenue and expenses are recognized on an accrual basis, i.e. at the time of the actual flow of the represented goods and services, independently of the time of the derived monetary or financial flow. This revenue is valued at the fair value of the received consideration, after deducing discounts and taxes.

Interest received from financial assets is recognized using the nominal interest rate. The board of directors of the Parent Company consider that the effect of applying these criteria does not differ significantly from the effect which would have occurred by applying the effective interest method.

Sale of projects in development (SPVs)

The sale of projects in development is done through the transfer of control, as describe in the above note 2.6.a.i, over the equity holdings of the Group in the SPVs to a third-party.

When control is transferred, the Group derecognizes all assets and liabilities associated with these SPVs and recognizes an income from the sale of equity holdings, based on the consolidated cost of the net assets belonging to these SPVs at the moment of transmission. The income is recognized on the line “Result from loss of control over SPVs” of the consolidated profit & loss account.

2.6.m Provisions and contingencies

The board of directors of the Parent Company, in the preparation of these consolidated financial statements, distinguish between:

- **Provisions**: credit balances which cover current obligations arising from past events, whereby cancellation is likely to result in an outflow of resources, but which prove indefinite in terms of their amount and/or time of their cancellation.

- **Contingent liabilities**: possible obligations arising from past events, whereby future materialization is conditional on whether one or more future events occur that are independent of the Group's will.

Obligations existing at closing date, arising from past events from which capital losses may arise for the Group and whose amount and time of cancellation are indefinite, are registered in the liabilities of the consolidated financial statement as provisions for risks and expenses, at the current value of the most probable amount the Group would have to pay to cancel the obligation. Unless they are considered remote, contingent liabilities are not recognized in the consolidated annual financial statements but are disclosed in the notes of the consolidated report.

The amount of provision is quantified by considering the best information available with regard to the consequences of the events that motivate them, at each balance sheet date.

The amounts recognized in the consolidated financial statement are the best estimate on the date of closing for the payments necessary to cancel the obligation, having considered the risks and uncertainties associated with the provision and, where material, the financial effect produced by the discount, provided that the payments which will be made in each period can be reliably determined. The discount rate is determined before taxes, taking the time value of money into account, as well as the specific risks which have not been considered in the future flows related to the provision on the date of closing.

Isolated obligations are valued by the most likely individual outcome. If the obligation implies a large population of homogeneous items, it is valued by weighing the possible outcomes against their probabilities. If there is a continuous range of possible outcomes and each point within the range has the same probability as the rest, the obligation is valued by the average amount.

The financial effect of provisions is recognized as a financial expense in the consolidated profit & loss account.

The provisions do not include the tax effect, nor the gains expected from the transfer or abandonment of assets.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, provisions are reversed. Reversal is carried out against the income item in which the corresponding expense is recorded and the excess, if applicable, is recognized under the "Other profit/loss" item.

The compensation to be received from a third party at the time of settling the obligation, provided that there is no doubt that the reimbursement will be received, is recorded as an asset, except in the event that a legal link exists through which part of the risk has been externalized, and by virtue of which the Group is not obliged to respond. In this situation, the compensation will be considered to estimate the amount at which, where appropriate, the corresponding provision is to be registered.

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Provisions for restructuring

Provisions related to restructuring processes are recognized when the Group has an implicit obligation due to the existence of a detailed formal plan and the generation of valid expectations among those affected that the process will be carried out, whether because the plan has begun to be implemented or because its main characteristics have been announced. Restructuring provisions only include the disbursements directly related to restructuring which are not associated with the Group's ongoing activities.

Guarantees

Provisions for guarantees under local legislation or normal market practice are recognized on the date of sale of the goods or services, based on the sole director's best estimate of the expenses necessary to settle the Group's obligation (see note 13.2).

Provision for project completion

Provisions for project completion include the estimated amounts needed to meet future obligations of the Group in regard to the necessary expenses, not yet incurred, to finish those projects which are substantially completed because all performance obligations have been substantially satisfied, though the final customer is yet to show its full acceptance (see note 13.2).

Termination benefits

Under the legislation in force, the Group is obliged to give termination benefits to those employees with whom, under certain conditions, it has rescinded its working relations, except in the case of justified cause. Therefore, termination benefits subject to reasonable quantification are recorded as an expense in the year in which the dismissal decision is taken and for which a valid expectation has been generated for third parties in this regard. In the present financial statements, no provision has been included for this item, as situations of this nature are not expected to arise (same situation at close of fiscal year 2019).

2.6.n Environmental assets

Environmental assets are those used in a lasting manner in the Group's activity, whose main purpose is to minimize environmental impact, and to protect and improve the environment, including the reduction or elimination of future pollution.

The activity of the Group, by its nature, does not have a significant environmental impact.

2.6.o Transactions with related parties

Generally, transactions between Group companies and with related parties outside the Group are accounted for at the initial moment at fair value. If the agreed price differs from its fair value, the difference is recognized based on the economic substance of the operation. Subsequent valuation is performed in accordance with the provisions of the relevant standards.

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In addition, transfer prices among Group companies, as well as with related parties outside the Group, are adequately supported, and as such, the board of directors of the Parent Company consider that there are no significant risks in this regard which may give rise to relevant liabilities in the future.

2.6.p Business combinations

Business combinations are posted by applying the acquisition method to which end the acquisition date is determined and the cost of the combination is calculated, recording the identifiable assets acquired and the liabilities assumed at their fair price relating to the date.

The goodwill or negative difference of the combination is determined by way of the difference between the fair values of the assets acquired and the liabilities assumed registered and the combination cost, all pertaining to the acquisition date.

The combination cost is determined through the aggregation of:

- The fair values on the acquisition date of the assets transferred and the liabilities incurred or assumed, and the equity instruments issued.

- The fair value of any contingent consideration which depends on future events or compliance with predetermined conditions.

Any expenses related with the issuance of equity instruments or of the financial liabilities handed over in exchange for the elements acquired are not included in the combination cost.

In the exceptional event that any negative difference arises in the combination, this is imputed to the profit-and-loss account as income.

If, on the closing date of the fiscal year in which the combination occurs, the valuation processes required to apply the acquisition method described above cannot be completed, this posting is deemed to be provisional and the provisional amounts may be adjusted in the required period to obtain the information required which, under no circumstances, shall exceed one year. The effects of any adjustments made in this period are posted retroactively, modifying the comparative information where necessary.

Any subsequent changes to the fair value of the contingent recompense are offset against earnings unless the recompense has been classified as assets in which case any subsequent changes to their fair value are not recognized.

Goodwill

The goodwill generated in the consolidation represents the excess of the acquisition cost over the Group's participation in the fair value of the identifiable assets and liabilities of a dependent company on the acquisition date.

The valuation of the acquired assets and liabilities is carried out provisionally on the date of taking control of the Company and is reviewed within a maximum period of one year from the date of acquisition. Until the fair value

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of the assets and liabilities has been definitively determined, the difference between the acquisition price and the book value of the acquired company is recorded as goodwill.

The positive differences between the cost of the equity interests of the consolidated entities with respect to the corresponding fair values, adjusted on the date of first consolidation, are charged as follows:

- Those assignable to specific assets of the acquired companies, increasing the value of the assets (or reducing the value of the liabilities) with market values that are higher (lower) than the net accounting values with which they appear in their balance sheets and whose accounting treatment is similar to that of the Group's same assets (liabilities): amortization, accrual, etc.

- Those assignable to specific intangible assets, explicitly recognizing them in the consolidated financial position statement, provided that their fair value at the date of acquisition can be reliably determined.

- The remaining differences are recorded as goodwill, which is assigned to one or more specific cash generating units.

- Goodwill is only recorded when it has been acquired for consideration and therefore represents advance payments made by the acquiring entity of future economic benefits derived from the assets of the acquired entity that are not individually and separately identifiable and recognizable.

The negative differences between the cost of the equity interests of the consolidated and associated entities with respect to the corresponding securities are made at the exchange rate in force at the date of first consolidation, they are called negative goodwill and are allocated as follows:

- Those assignable to specific assets of the acquired companies, increasing the value of the assets (or reducing the value of the liabilities) with market values that are higher (lower) than the net accounting values with which they appear in their balance sheets and whose accounting treatment is similar to that of the Group's same assets (liabilities): amortization, accrual, etc.

- The remaining amounts are recorded under "other profit/loss" in the consolidated profit & loss account for the year in which the acquisition of capital of the consolidated or associated entity takes place.

At least annually, an estimate is made of whether any impairment has occurred in them that reduces their recoverable value to an amount less than the registered net cost and, if so, they are written off using the heading "Impairment and result due to disposal of fixed assets" in the consolidated interim profit & loss account, as IFRS 3 states that goodwill is not depreciated. Impairment losses related to goodwill are not subject to subsequent reversal.

At the time of the disposal of a dependent company or jointly controlled entity, the attributable sum of goodwill is included in the determination of the profits or losses arising from the disposal.

In the case of goodwill arising in the acquisition of companies whose functional currency is different to the euro, their conversion to euro is made at the exchange rate in force at the date of the consolidated financial position statement, recording its variation by difference of conversion or impairment, as applicable.

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2.6.q Share-based payments

Share-based payments settled with equity instruments and made to employees and other individuals who render similar services are registered at the fair value of the equity instruments given on the *grant date*. In estimating fair value, the necessary conditions for the non-revocability of the transfer, other from market conditions, are considered by adjusting the number of equity instruments included in the measurement of the equity instrument's fair value.

The details of the determination of the fair value of share-based payments to employees are disclosed on note 17.2.

The fair value of the equity instruments given, determined on the grant date of the share-based payments settled with equity instruments (*equity-settled*), will be registered as a personnel expense over the accrual period, while at the same time registering a reserve associated to the incentive plans for the same amount in net equity, based on the estimation of the final number of equity instruments which will be given as a result of the meeting the necessary other-than-market conditions.

At year-end, the Group reevaluates the estimation of the number of equity instruments that it expects to give, based on the evolution of the necessary other-than-market conditions. The impact of the reevaluation of the original estimation, if it were made, will be recognized in the profit & loss account so that the accumulated expenses reflect the accrued amount on the date of the reevaluation of the estimation based on the updated fair value of the equity instruments given, with the corresponding adjustment to reserves.

For share-based payments settled with cash (*cash-settled*), the Group recognizes a liability for the goods or services acquired, initially measured at fair value of the liability. At year-end, until the liability is settled and likewise on the date of settlement, the fair value of the liability is estimated again, registering any changes on the consolidated profit & loss account in the appropriate period.

2.6.r Hyperinflation

Inflation in Argentina rebounded significantly from the second quarter of 2018 and the data reveal that accumulated inflation for the last three years has exceeded 100%, which is the quantitative reference established by IAS 29 Financial Reporting in Hyperinflationary Economies.

Consequently, the Argentine economy has been hyperinflationary since 2018 and the Group applies inflation adjustments to subsidiaries whose functional currency for financial information is the Argentine peso (see note 2.4).

In accordance with the provisions of IFRS-EU, this means:

- Adjusting the historical cost of non-monetary assets and liabilities and the various items of net equity from the date of acquisition or incorporation into the consolidated financial position statement until the end of the year to reflect changes in the purchasing power of the currency as a result of the inflation.

- Reflecting in the profit & loss account the loss or gain corresponding to the impact of inflation of the year on the net monetary position.

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- Adjusting the different items of the profit & loss account and the cash flow statement for the inflationary index from its generation, with counterpart in financial results and in a reconciliation item of the statement of cash flows, respectively.

- Converting all components of the financial statements of the Argentine companies at the closing exchange rate, with the currency rate corresponding to December 31, 2020 of 102.86 pesos per euro (67.27 pesos per euro at December 31st, 2019).

2.6.s Non-current assets held for sale

The Group classifies a non-current asset, or a disposal group, as held for sale if its book value will be recovered principally through a sale transaction rather than through continuing use. In this case, the assert, or disposal group, must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets, or disposal groups, and its sale must be highly probable.

Regarding this, the Group's management classifies an asset as held for sale when they are committed to the sale and it's probable that this happens less than a year after the date the asset was classified as held for sale.

These assets, or disposal groups, are valued at the lower of book value or fair value minus costs of sale.

Additionally, exchange rate gains or losses, in case there are any, associated to these assets are reclassified only when these assets are effectively sold. The reclassification of these exchange rate gains or losses when the assets are classified as held for sale is not allowed.

Assets classified as held for sale are not depreciated, but on the date of each consolidated balance sheet the Group makes the necessary value adjustments to ensure that book value is not higher than fair value minus costs of sale.

3. Financial risk management

The Group carries out its operations across various business segments. These operations are exposed to a diverse set of financial risks: market (including exchange rate, interest, price and guarantee procurement risk), credit and liquidity risks.

The Group's financial risk management is concentrated in the financial department, which seeks to minimize the effects of these risks using derivative financial instruments. The use of derivatives is governed by the Group's policies approved by board of directors, which provide the necessary mechanisms to control exposure to changes in exchange rates. The Group does not issue or sell financial instruments, including derivative financial instruments, for speculative purposes.

Soltec Group's main risks and uncertainties for the year 2020: COVID-19

Despite advances in virus prevention techniques, the success of the vaccine, due to uncertainties regarding the potential effects of this exceptional health emergency situation in the future, the consequences of COVID-19 for the Group's operations are uncertain and will depend to a large extent on the evolution of the vaccination plan established by governments worldwide and the evolution of the pandemic in the coming months. Thus, at the date these consolidated financial statements, the potential impact on the Group in the coming months is uncertain and it

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is not possible to reliably assess the consequences on the Group's future operations and its ability to recover the value of its assets in the short term.

Nevertheless, the Group's management has assessed, using the best information available, the economic, social and labor impacts that the COVID-19 pandemic is having on the Group to date, analyzing the effects and possible consequences in the year 2021, despite the current uncertainty about its consequences.

3.1 Operational risk

In base of the operational assessment made by the Group's management in 2020 when the COVID-19 pandemic started, up to this date, the Group has been able to keep developing the projects it had committed to with various customers, without any significant delays in the collection of trade receivables which affect the Group's liquidity and operating cycle. Likewise, the Group has not experienced significant delays in their raw materials procurement process.

Although the operational continuity has not changed, the Group has been impacted in some ways depending on the operational segment:

- Industrial business: the start dates of some project's construction phases have been delayed; during the first half of fiscal year 2020 those were fundamentally caused by delays on the processing of projects with local authorities caused by the pandemic, and during the last quarter of the year there has been a substantial increase in the purchase prices of photovoltaic modules, which has implied some customers have delayed the start of the projects. The Group's management expects these projects to start as the prices of the components return to normal levels.

Although those concerns are not an operational issue, they have affected revenue and net profit for the 2020 fiscal year, albeit, the Parent Company's board of directors consider that net turnover will recover during in the next fiscal year, given the Group's confirmed project portfolio.

- Project development business: during 2020 fiscal year, subsidiary companies have carried on with the development of their solar projects, although these projects have been delayed as a result of the gridlock suffered by the local authorities of the main countries the Group operates in, as a consequence of COVID-19. Despite these delays in the milestone completion process on license granting, on June 23rd, 2020, as laid out on Royal Decree 23/2020, special administrative measures were implemented in Spain to streamline the solar power plant license granting timeframes which could ease the compliance with administrative processing for the development of this type of project in Spain.

Additionally, in Brazil, one of the strategic areas for the growth of project development, the Group's operations have not been interrupted, as the Groups operations have been deemed essential pursuant to the provisions of the 10.282/2020 decree of the Federal Government of Brazil. Despite that, the closure of Brazil's local administrations has led to the temporary delay of the granting and concession of administrative licenses.

These delays, in the board of directors' view, are only of a temporary nature and don't significantly alter the long-term business plan of the Group.

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3.2 Credit risk

Credit risk consists of the risk of a debtor becoming insolvent on the applicable contractual obligations and of a capital loss resulting for the Group.

As a general policy, the Group carries out transactions with entities of proven solvency and obtains, where necessary, enough guarantee from third parties as a means of mitigating credit risk. In this regard, the Group generally contracts credit insurance to secure accounts receivable from certain foreign customers. At the end of the 2020 fiscal year, 94% of the Group's receivables are insured (95% at the end of the 2019 fiscal year). Considering these circumstances, the Group's board of directors do not consider that COVID-19 is going to have a significant impact on the determination of the expected loss (see note 10.1.1.i.).

The Group's exposure to credit risk and the aggregate of the solvency valuations of its debtors is monitored on a regular basis. Individual credit limits, hedges granted by letters of credit and excesses or, where applicable, credits granted to debtors not covered by letters of credit are analyzed and approved by the general management, based on the amounts and risks involved in each decision.

As of December 31st, 2020, the Group concentrates 20% and 44% of net turnover and 14% and 47% of its trade receivables with third parties in companies located in North and South America, respectively. (38%, 40%, 23% and 51%, respectively, as of December 31st, 2019).

The credit risk of liquid funds and fixed-term deposits with a short-term maturity is limited because the counterparties are banking institutions to which the international credit rating agencies have assigned high ratings.

3.3 Liquidity risk

This refers to the risk of the Group finds difficulties to divest a financial instrument quickly enough without incurring significant additional costs or the associated risk of not having liquidity at the time when payment obligations must be met. The group relies on financial institutions to finance its inventories and accounts receivable, with the management of the average collection period and deferment of payments to suppliers being significant.

To ensure liquidity and the ability to meet all commitments stemming from its operations, the Group holds the cash and cash equivalents shown in its consolidated balance sheet, as well as the non-borrowed amounts from lines of credit and financing detailed in note 10. During the 2020 fiscal year, the Parent Company has carried out a capital increase (see note 12.1) which has meant a substantial increase in economic resources available in the short-term as well as a cash inflow, net of issuance costs, of 139 million euros.

Moreover, on February 11th, 2021, the Group has finalized the refinancing process of its syndicated loan, which included raising the guarantee portion of the loan up to a maximum limit of 110 million euros, credit lines up to 90 million euros (10 million euros in the freely available portion and 80 million in the conditionally available portion) and a change in the covenants established in the contract to net financial debt over controlling shareholders' equity (see note 10.2).

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3.4 Market risk

This is defined as the risk that the fair value or future cash flows of a financial instrument may vary due to changes in interest rates or other price risks.

3.4.1 Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities bearing interest at a fixed rate and the future cash flows from assets and liabilities tied to a variable interest rate. The aim of interest rate risk management is to balance the structure of the debt, to minimize the cost of the debt in the multi-annual horizon with reduced volatility in the consolidated profit & loss account.

Virtually all debt is variable interest debt, and therefore this is exposed to an interest rate risk, as the variation of rates modify the future flows resulting from its indebtedness. However, the payment profile of this debt is short-term, and so sensitivity to changes in the interest rate is reduced.

3.4.2 Exchange rate risk

The Group has subsidiaries in Peru, Brazil, Chile, the United States, Mexico, Argentina, Colombia, China, Australia and India, and is therefore exposed to exchange rate risk from operations with currencies (which is mainly focused on the purchase of supplies and sales in US dollars and Brazilian reais).

Important fluctuations have taken place in foreign exchange markets during the 2020 fiscal year; first and foremost the depreciation against the euro of the BRL (Brazilian reais) during the first half of the year and that of the USD (United States dollar) during the second half, which have led to a significant fluctuation in exchange rate differences and impacted the consolidated profit & loss account of the Group, although the latter impact has been alleviated.

To mitigate this risk, the Group follows a policy of formalizing financial instruments (exchange rate insurance contracts and NDFs) that mitigate exchange rate differences from transactions in foreign currency (see note 10.3).

The breakdown of the most significant balances and transactions in foreign currency corresponding to December 31st, 2020, valued at the closing exchange rate and average exchange rate respectively, is as follows:

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2020	Thousand euros								
	Fixed assets (*)	Other financial assets	Accounts receivable	Other financial liabilities (**)	Accounts payable	Cash	Revenue	Supplies	Other expenses
US Dollars	447	10	32,886	257	4,919	1,380	114,024	83,584	18,424
Brazilian Reais	24,699	4,415	15,004	10,052	9,383	2,505	43,513	21,266	6,353
Chilean Pesos	1,046	18	120	339	1.629	159	435	2,114	1,401
Peruvian Soles	9	26	-	-	15	48	-	50	131
Mexican Pesos	418	34	983	48	381	19	697	485	2,007
Australian Dollars	74	13	-	74	2,011	5	872	3,895	747
Argentine Pesos	-	-	-	-	788	17	-	2,645	320

(*) This category includes the net book value of intangible assets, plant, property and equipment and non-current assets held for sale net, where applicable, of any associated liability.
(**) Includes lease liabilities

2019	Thousand euros								
	Fixed assets (*)	Other financial assets	Accounts receivable	Other financial liabilities (**)	Accounts payable	Cash	Revenue	Supplies	Other expenses
US Dollars	407	1,573	71,971	-	37,905	21,092	251,214	104,777	12,045
Brazilian Reais	25,416	4,756	30,730	19,398	9,464	807	48,316	20,662	8,311
Chilean Pesos	87	10	473	-	475	36	405	792	814
Peruvian Soles	8	36	-	-	88	24	-	38	127
Mexican Pesos	355	36	731	-	669	227	563	359	2,841
Australian Dollars	8	12	-	-	212	23	-	5,307	1,456
Argentine Pesos	10	5	-	-	2,655	718	-	1,962	1,271

The board of directors of the Parent Company have deemed that the foreign currency transactions not listed in the preceding tables are not significant.

The exchange rate differences recognized in the consolidated profit & loss account of the 2020 fiscal year, by type of financial instrument, is the following:

	Thousand euros					
	2020			2019		
	For transactions settled in the fiscal year	For outstanding balances	Total	For transactions settled in the fiscal year	For outstanding balances	Total
Exchange rate gains	12,791	4,191	16,982	4,886	10,647	15,533
Exchange rate losses	(12,437)	(7,817)	(20,254)	(7,307)	(12,173)	(19,480)
Net exchange rate differences	**354**	**(3,626)**	**(3,272)**	**(2,421)**	**(1,526)**	**(3,947)**

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Likewise, the breakdown of this amount by currency is as follows:

	Thousand euros	
	2020	2019
US Dollars	(4,092)	(290)
Brazilian Reais	833	(2,571)
Chilean Pesos	(1)	(120)
Australian Dollars	(16)	(244)
Argentine Pesos	43	(769)
Others	(39)	47
Total	**(3,272)**	**(3,947)**

Exchange rate sensibility analysis

As mentioned above, the Group is exposed, mainly, to changes in the exchange rate of the US dollar and the Brazilian real.

The following tables detail the sensibility of the Group to an appreciation or depreciation of the euro against the listed foreign currencies, without considering the potential effect of exchange rate insurance contracts held. The sensibility rate used is the one considered when communicating the exchange rate risk internally to key members of management and represents the evaluation management makes on the possible exchange rate fluctuations, within reasonable limits. The sensibility analysis includes the monetary and relevant and pending non-monetary items, as well as transactions of the Group with third parties, adjusting their euro value at close of the years 2020 and 2019 to address exchange rate fluctuations. In these tables, a positive figure represents an increase in the year's income or net equity derived from a depreciation of the euro against the relevant currency. In the case of an appreciation of the euro against a given currency, income or equity would be similarly impacted, and the detailed figures would be negative:

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2020	Variation	Thousand euros	
		Impact on consolidated net profit/(Loss)	Impact on consolidated net equity
US Dollar / Euro	10%	(1,092)	(2,686)
Brazilian Real / Euro	10%	(1,445)	(2,472)
US Dollar / Euro	-10%	1,335	3,283
Brazilian Real / Euro	-10%	1,766	3,021

2019	Variation	Thousand euro	
		Impact on consolidated net profit/(Loss)	Impact on consolidated net equity
US Dollar / Euro	10%	(12,217)	(8,251)
Brazilian Real / Euro	10%	(1,758)	(793)
US Dollar / Euro	-10%	14,932	10,085
Brazilian Real / Euro	-10%	2,149	969

These figures were calculated without considering the potential counterbalancing effect that the contracted exchange rate derivatives (mainly forwards and NDFs) would have on the consolidated profit & loss account (see note 10.3).

3.4.3 Other market risks

Fluctuations in steel prices increase the cost of the main raw material used by the Group for manufacturing its solar trackers. Additionally, the industrial business line is influenced by transportation costs incurred to carry out the sale, distribution and supply of solar trackers.

During the first half of 2020, after the emergence of COVID-19, maritime, air and land freight costs rose because of the sharp decline in the volume of goods shipped worldwide, which has ted to an increase in transportation costs with a transient impact on the operating margin of tracker supply projects. Additionally, the price of steel dropped during the period leading to, together with improvements that reduced the use of steel in trackers, an increase in the operating margin that offsets the extraordinary expenses incurred (see note 3.7) and the rise in transportation costs incurred when raw materials are purchased. Therefore, during the first semester of 2020 the operating margin has not changed, in relative terms, with regard to the 2019 operating margin.

Likewise, during the second half of the year the increase in the activity of markets after the pandemic has led to an increase in the volume of worldwide shipping which has not been enough to lead prices down to pre-COVID-19 levels, although it did mean that the price of steel and other components used in the construction of solar power plants picked up with the corresponding impact on the Group's operations (see note 3.1 above).

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Nevertheless, management has considered that these exposures are limited in the sense that supply contracts are signed and executed in the short term and the Group uses future expectations based on steel's market quotes as well as the transportation cost of finished goods to estimate the prices it quotes its customers.

3.4.4 Risk of non-procurement of the necessary guarantees for project contract/completion

This refers to the risk of the Group not being able to procure the necessary guarantees to carry out its operations and which would limit its capacity to sign and execute projects.

Considering this, as mentioned above, after the capital increase made in 2020, the Group has raised, as of February 11th, 2021, its syndicated guarantee facility up to 110 million euro, which allows for its business plan to be carried out effectively. Additionally, the Group also has agreements with insurance companies to have surety bonds available for its projects.

3.5 Revenue recognition and credit risk

The Group's management also reviews the impact that this situation is having on signed contracts and on its customers, regarding the potential changes it may cause on these contracts (cancellations, set-up delays, temporary halts, or changes in revenue recognition estimates), as well as the evaluation of the recoverability of receivables. Considering this, the board of directors consider that because the majority of its receivables is insured, together with the fact that most of their customers work in the power generation business, considered an essential sector resilient to global economic crises even in the face of the pandemic, means that, with the information presently available, no significant impact is expected on the Group's credit risk or revenue recognition beyond the delays described in note 3.1 above, given the Group's management was not responsible for their causes.

3.6 Asset impairment

Considering all factors above mentioned, and the information presently available, the management and board of directors of the Parent Company have not substantially modified their future business plan and therefore expect no relevant impact on the impairment of intangible assets, property, plant and equipment or on the recoverability of inventories beyond those already registered (see note 6). Additionally, the Parent Company's management and board of directors don't expect these factors to have a substantial impact on the lease agreements held by the Group and which, in compliance with IFRS 16, are registered under the line "Rights-of-use".

3.7 Risk of change of the Group's profitability

During the fiscal year 2020, the Group has incurred 4,928 thousand euros in losses owing to the evolution of the industrial business line. Despite reporting losses for the period, the Group's working capital amounts to 103,270 thousand euros, as a consequence of, fundamentally, the capital increase described in note 12.

The losses reported in the 2020 fiscal year are due, mainly, to (i) the drop in revenues over the initially planned amount because of COVID-19 and delays in already formalized projects, whose causes were explained above, with the Group's structured already set-up for the previously planned revenue and therefore leading to rise in structural costs above those of the previous fiscal year, (ii) the extraordinary costs incurred owing to strategic and commercial issues (in the views of the Group's board of directors, it is not planned for these strategic and commercial costs to be incurred again in the future); and (iii) because of the rise in transportation costs (see note 3.4).

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i) The Group's management and board of directors constantly review and evaluate these factors and consider that, together with the appropriate measures taken during the present fiscal year, these circumstances are of a transient nature in the sense that: the incurred structural costs are adapted to the execution of future projects, although, during the 2020 fiscal year the execution has been delayed as a consequence of COVID-19, which has had a direct impact on the net revenue of the Group and its capacity to generate gross margins;

ii) the extraordinary costs were one-offs and it's not foreseen that they will be incurred again in the future, and;

iii) the increase in the cost of transportation or steel lowers the margin of projects in progress, but there is no expectation they will translate to future projects because the Group is working on alleviating strategies such as widening the forwarder portfolio and negotiations with customers for better incoterms, and finally the costs may be transferred to the final customer in the price-setting process.

The 2021 business plan projections from which, as a consequence of the previously mentioned factors, have not been substantially modified, based on the Group's backlog and pipeline and the extraordinary impact of the above mentioned factors together with the highlighted alleviating strategies, mean that, in the view of the board of directors, the application of the going concern principle remains adequate.

Finally, it's important to highlight that the Group's management and board of directors are constantly reviewing the evolution of the situation, with the purpose of successfully facing the eventual impacts, whether financial or non-financial, owing to the COVID-19 pandemic.

4. Reporting by segment

4.1 Main segments and segmentation criteria

The Group divides its operations into two main branches:

- The installation and supply of solar trackers, the Group's industrial segment (Soltec Energías Renovables and subsidiaries)

- The development of solar power generation projects through the sale, transfer and/or acquisition on its own account of shares and/or other equity holdings in SPVs, whether or not they have corporate personhood, as well as the management and administration of the holdings (Powertis and subsidiaries).

The Group's highest decision-making authority, that is, the Parent Company's board of directors, review the individual performance of each project, grouping them into these two segments for management purposes.

These reviews are made based on internally available information about the Group's projects, information on which the Group's highest decision-making authority bases its discussions, reviews and revisions during the decision-making process.

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The Group identifies the projects carried out by the various subgroups as cash-generating units, for which the most significant information is:

Item	Thousand euros			
	Segments as of December 31, 2020			
	Industrial segment (Soltec) (**)	Development segment (Powertis) (**)	Others (*)	Total
Revenue	235,014	632	-	235,646
Changes in inventories of finished goods and work in progress	559	-	-	559
Other operating income	2,598	-	-	2,598
Work carried out by the company on its assets	1,633	1,812	-	3,445
Supplies	(180,973)	-	-	(180,973)
Personnel expenses	(35,047)	(836)	(546)	(36,429)
Other operating expenses	(39,895)	(5,582)	(406)	(45,883)
Amortization and depreciation	(3,640)	(72)	-	(3,712)
Gains/(losses) on the disposal of fixed assets and others	30	(674)	-	(644)
Results from the transfer of control over SPVs	-	7,376	-	7,376
Other results	327	115	-	442
NET OPERATING INCOME/(EXPENSE)	**(19,394)**	**2,771**	**(952)**	**(17,575)**
Financial income	112	6,438	-	6,550
Financial expenses	(4,204)	(2,205)	(3)	(6,412)
Change in the fair value of financial instruments	6,778	3,510	-	10,288
Exchange rate gains/(losses)	(6,708)	3,436	-	(3,272)
Other net financial gains/(losses)	(310)	-	-	(310)
NET FINANCIAL INCOME/(EXPENSE)	**(4,332)**	**11,179**	**(3)**	**6,844**
Share in profits/(losses) of entities registered under the equity method	-	(39)	-	(39)
PROFIT/(LOSS) BEFORE INCOME TAX	**(23,726)**	**13,911**	**(955)**	**(10,770)**
Income tax expense	6,927	(1,271)	186	5,842
COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR	**(16,799)**	**12,640**	**(769)**	**(4,928)**

(*) The "Others" column includes the Parent Company, as well the impact of consolidation adjustments not attributable to business segments.

(**) The "Industrial segment" and "Development segment" columns include the impact of consolidation adjustments attributable to each of the segments and which therefore are not included in the "Others" column.

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Item	Thousand euros			
	Segments as of December 31, 2019			Total
	Industrial segment (Soltec) (**)	Development segment (Powertis) (**)	Others (*)	
Revenue	356,672	140	-	356,812
Changes in inventories of finished goods and work in progress	917	-	-	917
Other operating income	2,416	-	(654)	1,762
Work carried out by the company on its assets	968	-	-	968
Supplies	(260,874)	(259)	454	(260,679)
Personnel expenses	(31,805)	(504)	-	(32,309)
Other operating expenses	(48,721)	(1,204)	175	(49,750)
Amortization and depreciation	(4,354)	(32)	-	(4,386)
Gains/(losses) on the disposal of fixed assets and others	(204)	-	-	(204)
Other results	31	2,287	-	2,318
NET OPERATING INCOME/(EXPENSE)	**15,046**	**428**	**(25)**	**15,449**
Financial income	149	-	-	149
Financial expenses	(4,755)	(755)	-	(5,510)
Change in the fair value of financial instruments	(5,394)	-	-	(5,394)
Exchange rate gains/(losses)	(3,021)	(926)	-	(3,947)
Other net financial gains/(losses)	(387)	-	-	(387)
NET FINANCIAL INCOME/(EXPENSE)	(13,408)	(1,681)	-	(15,089)
PROFIT/(LOSS) BEFORE INCOME TAX	1,638	(1,253)	(25)	360
Income tax expense	165	815	-	980
COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR	**1,803**	**(438)**	**(25)**	**1,340**

Item	Thousand euros							
	Segments as of December 31, 2020			Total as of December 31, 2020	Segments as of December 31, 2019			Total as of December 31, 2019
	Industrial segment (Soltec) (**)	Development segment (Powertis) (**)	Others (*)		Industrial segment (Soltec) (**)	Development segment (Powertis) (**)	Others (*)	
Segment's assets	209,686	97,993	3,757	311,436	216,117	35,459	(446)	251,130
Segment's liabilities	139,668	28,952	355	168,975	199,515	34,041	(408)	233,148

(*) The "Others" column includes the Parent Company, as well the impact of consolidation adjustments not attributable to business segments.

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Item	Thousand euros							
	2020				2019			
	Industrial segment (Soltec) (**)	Development segment (Powertis) (**)	Others (*)	Total 2020	Industrial segment (Soltec) (**)	Development segment (Powertis) (**)	Others (*)	Total 2019
Net cash flows from								
- Operating activities	(31,809)	(1,520)	(780)	(34,109)	7,455	(2,666)	-	4,789
- Investing activities	239	(7,070)	(53)	(6,884)	(7,547)	(2,880)	-	(10,427)
- Financing activities	(2,826)	4,491	139,386	141,051	25,376	5,625	-	31,001
- Exchange rate differences	(48)	(197)	-	(245)	554	18	-	572

(*) The “Others” column includes the Parent Company, as well the impact of consolidation adjustments not attributable to business segments.

4.2 Information on geographical areas

In the presentation of information on geographical areas, revenue is based on the geographical location of customers, and assets are based on their geographical location. Likewise, non-current assets in the geographical area do not include deferred tax assets, deferred tax liabilities (see note 14.3), or financial instruments. In terms of liabilities, only those linked to non-current assets held for sale have been included (see note 5.6).

The distribution of the Group's main non-current assets by geographical area as of December 31st, 2020 and December 31st, 2019, is as follows:

	Thousand euros							
	Spain	Brazil	North America (*)	Rest of South America (*)	APAC (*)	Italy	Others (*)	Total 2020
Intangible assets	3,142	8,738	-	-	-	1,513	-	13,393
Non-current assets held for sale	-	18,583	-	-	-	-	-	18,583
Liabilities linked to non-current assets held for sale	-	(4,646)	-	-	-	-	-	(4,646)
Property, plant and equipment	5,668	1,086	663	683	3	318	65	8,486
Rights-of-use	13,858	1,997	202	335	72	-	-	16,464
	22,668	**25,758**	**865**	**1,018**	**75**	**1,831**	**65**	**52,280**

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	Thousand euros						
	Spain	Brazil	North America (*)	Rest of South America (*)	APAC (*)	Others (*)	Total 2019
Intangible assets	1,857	32,187	-	-	1	-	34,045
Property, plant and equipment	5,014	1,270	760	124	7	84	7,259
Rights-of-use	8,390	213	431	37	17	-	9,088
	15,261	**33,670**	**1,191**	**161**	**25**	**84**	**50,392**

The net revenues at December 31, 2020 and 2019 by geographical areas are as follows:

	Thousand euros	
Revenue	Total 2020	Total 2019
Spain	68,497	73,521
Brazil	43,259	104,508
North America (*)	46,693	131,835
Rest of South America (*)	60,090	39,961
APAC (*)	13,922	5,511
Others (*)	3,185	1,476
	235,646	**356,812**

(*) North America: United States of America and Mexico. Rest of South America: Argentina, Chile, Colombia and Peru. APAC: Australia, India and Thailand. Others: Denmark, Egypt, Israel, Jordan, China, Kenya and Namibia.

4.3 Other segment information

The different products and services provided by the Group are detailed in note 16.1.

Moreover, the weight of the Group's main customers changes over time, depending a great deal on the projects carried out over the period. The Group's main customers for the year 2020, defined as those which accounted for more than 10% of revenue, were Enel Green Power, Newen Solar, Solar Century Holdings Ltd and PCL Construction Services Inc. Transactions with each of these customers represented 21.8%, 12.5%, 12.4% and 10.4%, respectively, of revenue for the year 2020.

Additionally, the Group's main customers for the year 2019, defined as those which accounted for more than 10% of net turnover, were Enel Green Power and Power Construction Corporation of China. Transactions with each of these customers represented 31% and 19.5%, respectively, of revenue for the year 2019.

5 <u>Changes in the scope of consolidation</u>

5.1 Incorporation of entities

Over the course of the 2020 fiscal year, the following subsidiary entities have been added to the scope of consolidation, as a consequence of the incorporation of SPVs in, mainly, the development segment:

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Entity	Incorporation date	Country	Parent company
Amber Solar Power Treinta y uno, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Amber Solar Power Treinta y dos, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Amber Solar Power Treinta y tres, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Amber Solar Power Treinta y cuatro, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Amber Solar Power Treinta y cinco, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Amber Solar Power Treinta y seis, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Amber Solar Power Treinta y siete, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Amber Solar Power Treinta y ocho, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Amber Solar Power Treinta y nueve, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Amber Solar Power Cuarenta, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Luminora Solar Once, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Luminora Solar Doce, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Luminora Solar Trece, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Luminora Solar Catorce, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Luminora Solar Quince, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Luminora Solar Dieciseis, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Luminora Solar Diecisiete, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Luminora Solar Dieciocho, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Luminora Solar Diecinueve, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Luminora Solar Veinte, S.L.	07/02/2020	Spain	Powertis, S.A.U.
Usina de Energia Fotovoltaica Graviola I, S.A.	13/02/2020	Brazil	Powertis, S.A.U.
Usina de Energia Fotovoltaica Graviola II, S.A.	13/02/2020	Brazil	Powertis, S.A.U.
Usina de Energia Fotovoltaica Graviola III, S.A.	13/02/2020	Brazil	Powertis, S.A.U.
Usina de Energia Fotovoltaica Graviola IV, S.A.	13/02/2020	Brazil	Powertis, S.A.U.
Usina de Energia Fotovoltaica Belvedere SPE, Ltda	14/10/2020	Brazil	Powertis, S.A.U.
Ambere Solar 1 Srl	10/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 2 Srl	10/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 3 Srl	10/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 4 Srl	10/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 5 Srl	10/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 6 Srl	10/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 7 Srl	10/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 8 Srl	10/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 9 Srl	10/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 10 Srl	10/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 11 Srl	11/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 12 Srl	11/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 13 Srl	11/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 14 Srl	11/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 15 Srl	11/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 16 Srl	11/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 17 Srl	11/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 18 Srl	11/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 19 Srl	11/12/2020	Italy	Powertis, S.A.U.
Ambere Solar 20 Srl	11/12/2020	Italy	Powertis, S.A.U.
Soltec Commercial Consulting (Shanghai) Co. Ltd	27/02/2020	China	Soltec Energías Renovables, S.L.U.

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Additionally, during the 2020 fiscal year Powertis, S.R.L. has been partially demerged through the creation of 10 new spin-off SPVs, in order to facilitate the transfer of projects developed in Italy. The new subsidiaries that originate due to the demerger are as follows:

Entity	Incorporation date	Country	Parent company
Luminora Catania S.r.l.	23/12/2020	Italy	Powertis, S.A.U.
Luminora Tuppeto 1 S.r.l.	23/12/2020	Italy	Powertis, S.A.U.
Luminora Tuppeto 2 S.r.l.	23/12/2020	Italy	Powertis, S.A.U.
Luminora Tuppeto 3 S.r.l.	23/12/2020	Italy	Powertis, S.A.U.
Luminora Ripizzata S.r.l.	23/12/2020	Italy	Powertis, S.A.U.
Luminora Sparpagliata S.r.l.	23/12/2020	Italy	Powertis, S.A.U.
Luminora Barba S.r.l.	23/12/2020	Italy	Powertis, S.A.U.
Luminora Cavaliere S.r.l.	23/12/2020	Italy	Powertis, S.A.U.
Luminora Santelia 1 S.r.l.	23/12/2020	Italy	Powertis, S.A.U.
Luminora Santelia 2 S.r.l.	23/12/2020	Italy	Powertis, S.A.U.

During the 2019 fiscal year the following subsidiary entities were added to the scope of consolidation:

Entity	Incorporation date	Country	Parent company
Soltec France, S.L.	03/03/2019	France	Soltec Energías Renovables, S.L.U.
Soltec Trackers Colombia SAS	09/08/2019	Colombia	Soltec Energías Renovables, S.L.U.
Luminora Solar, S.L.	02/01/2019	Spain	Powertis, S.A.U.
Luminora Solar Uno, S.L.	02/01/2019	Spain	Powertis, S.A.U.
Luminora Solar Dos, S.L.	02/01/2019	Spain	Powertis, S.A.U.
Luminora Solar Tres, S.L.	02/01/2019	Spain	Powertis, S.A.U.
Luminora Solar Cuatro, S.L.	02/01/2019	Spain	Powertis, S.A.U.
Luminora Solar Cinco, S.L.	16/04/2019	Spain	Powertis, S.A.U.
Luminora Solar Seis, S.L.	16/04/2019	Spain	Powertis, S.A.U.
Luminora Solar Siete, S.L.	16/04/2019	Spain	Powertis, S.A.U.
Luminora Solar Ocho, S.L.	22/11/2019	Spain	Powertis, S.A.U.
Luminora Solar Nueve, S.L.	22/11/2019	Spain	Powertis, S.A.U.
Luminora Solar Diez, S.L.	22/11/2019	Spain	Powertis, S.A.U.
Amber Solar Power, S.L.	02/01/2019	Spain	Powertis, S.A.U.
Amber Solar Power Uno, S.L.	02/01/2019	Spain	Powertis, S.A.U.
Amber Solar Power Dos, S.L.	02/01/2019	Spain	Powertis, S.A.U.
Amber Solar Power Tres, S.L.	02/01/2019	Spain	Powertis, S.A.U.
Amber Solar Power Cuatro, S.L.	02/01/2019	Spain	Powertis, S.A.U.
Amber Solar Power Cinco, S.L.	02/01/2019	Spain	Powertis, S.A.U.
Amber Solar Power Seis, S.L.	02/01/2019	Spain	Powertis, S.A.U.
Amber Solar Power Siete, S.L.	02/01/2019	Spain	Powertis, S.A.U.
Amber Solar Power Ocho, S.L.	02/01/2019	Spain	Powertis, S.A.U.
Amber Solar Power Nueve, S.L.	02/01/2019	Spain	Powertis, S.A.U.
Amber Solar Power Diez, S.L.	16/04/2019	Spain	Powertis, S.A.U.
Amber Solar Power Once, S.L.	16/04/2019	Spain	Powertis, S.A.U.
Amber Solar Power Doce, S.L.	16/04/2019	Spain	Powertis, S.A.U.
Amber Solar Power Trece, S.L.	16/04/2019	Spain	Powertis, S.A.U.
Amber Solar Power Catorce, S.L.	16/04/2019	Spain	Powertis, S.A.U.
Amber Solar Power Quince, S.L.	16/04/2019	Spain	Powertis, S.A.U.
Amber Solar Power Dieciseis, S.L.	16/04/2019	Spain	Powertis, S.A.U.
Amber Solar Power Diecisiete, S.L.	16/04/2019	Spain	Powertis, S.A.U.
Amber Solar Power Dieciocho, S.L.	16/04/2019	Spain	Powertis, S.A.U.

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Entity	Incorporation date	Country	Parent company
Amber Solar Power Diecinueve, S.L.	16/04/2019	Spain	Powertis, S.A.U.
Amber Solar Power Veinte, S.L.	20/06/2019	Spain	Powertis, S.A.U.
Amber Solar Power Veintiuno, S.L.	20/06/2019	Spain	Powertis, S.A.U.
Amber Solar Power Veintidos, S.L.	20/06/2019	Spain	Powertis, S.A.U.
Amber Solar Power Veintitres, S.L.	20/06/2019	Spain	Powertis, S.A.U.
Amber Solar Power Veinticuatro, S.L.	20/06/2019	Spain	Powertis, S.A.U.
Amber Solar Power Veinticinco, S.L.	20/06/2019	Spain	Powertis, S.A.U.
Amber Solar Power Veintiseis, S.L.	20/06/2019	Spain	Powertis, S.A.U.
Amber Solar Power Veintisiete, S.L.	22/11/2019	Spain	Powertis, S.A.U.
Amber Solar Power Veintiocho, S.L.	22/11/2019	Spain	Powertis, S.A.U.
Amber Solar Power Veintinueve, S.L.	22/11/2019	Spain	Powertis, S.A.U.
Amber Solar Power Treinta, S.L.	22/11/2019	Spain	Powertis, S.A.U.
Powertis Brasil Desenvolvimento de Projetos de Energia e Participaçoes LTDA	11/12/2019	Brazil	Powertis, S.A.U.
Powertis S.R.L.	10/10/2019	Italy	Powertis, S.A.U.

The addition of these entities to the scope of consolidation has not meant the inclusion of profits & losses, assets and liabilities of a substantial nature, given that the additions are SPVs incorporated during the fiscal year, there have been no significant changes in the Group's composition that would have a relevant impact on the consolidated financial statements (same situation for the 2019 fiscal year).

5.2 Additions to the scope of consolidation through entity takeovers

Significant acquisitions made during the 2020 fiscal year are as follows:

i. Addition to the scope of consolidation of the SPVs corresponding to the Pedranópolis and Sol de Varzea projects

On October 15th, 2018 Powertis, S.A.U. signed share purchase agreements with the companies Solatio Energy Gestao de Projetos Solares and Solatio Desenvolvimento e Gestao de Projetos Solares Ltda, each of them holding a 50% stake in several solar projects located in Brazil (hereafter Solatio). These agreements included the transfer of the ownership of all shares of the SPVs: Leo Silveira I-IV, Ltda., Usina de Energia Fotovoltaica de Araxá, Ltda., Usina de Energia Fotovoltaica de Pedranópolis Ltda. Y Usina de Energia Fotovoltaica Sol de Varzea, Ltda, as well as all rights and obligations they held. The transfer of control over the Leo Silveira and Araxá SPVs was finalized in the 2019 fiscal year and was considered a business combination (see note 5.4).

In May and September 2020, control over the SPVs corresponding to the Pedranópolis and Sol de Varzea projects was effectively transferred to the Group, because it was at this moment that it took over the governing bodies of the aforementioned SPVs, became exposed to the variable returns generated by them, and all contractual termination clauses were satisfied ensuring the transaction could not be reverted. As a consequence, all assets and operations of these SPVs were acquired by the Group and registered as a single intangible asset valued at 2.5 and 2 million euros respectively (13.5 million Brazilian reais at the exchange rate on the transfer of control date of both entities), because, as described in note 2.2, due to IFRS 3 amendment entered into force on January 1st, 2020 the entities did not meet the amended definition of a business and so were recognized as the acquisition of an asset.

As of December 31st, 2020, 45% of Pedranópolis's and 30% of Sol de Varzea's purchase price was paid, in accordance with the payment milestone schedule as laid out in the purchase contract, with the consequence that, as of December 31st, 2020, the Group holds liabilities under the line "Non-current financial liabilities" and "Current financial liabilities" for 405 and 2,200 thousand euros respectively (see note 10.2).

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5.3 Other acquisitions not resulting in a transfer of control.

i. Transaction made between Powertis, S.A.U. and SER Sistemas de Energia Renovável LTDA (SER) under the scope of the Engady purchase (GRAVIOLA project)

In October 2019, Powertis and Engady Solar Energia SPE LTDA (Engady), agreed to participate, through a consortium agreement, in the public Brazilian electricity auctions. Engady is a SPV developing the "Graviola" solar project and which belongs to SER, a company operating in the Brazilian power generation industry.

Involvement in this auction was carried out through several SPVs, with Powertis and Engady having a stake in them. On January 13th, 2020 four entities were incorporated (Graviola I-IV), with Powertis holding a 99.99% stake and the 0.01% remaining belonging to Engady, to which the electricity offer was assigned. Additionally, on February 11th, 2020, SER and Powertis have agreed on the purchase of 100% of Engady's shares, with a total price of 24 million Brazilian reais, which is approximately 3.8 million euros at the December 31st, 2020 exchange rate. Payment of this amount was divided over multiple installments subject to the achievement of certain technical, financial and construction milestones of the solar project developed through the Graviola SPVs.

As of December 31st, 2020, the transmission of 20% of Engady's shares to Powertis has been formalized, with the corresponding cash outlay of 812 thousand euros (4.8 million Brazilian reais). On the other hand, the payments already settled are subject to the technical success of the project based on the steps taken by Engady and Ser. Therefore, payments already settled have been registered as advance payments considered non-current financial investments (see note 10.1). After the analyzing this transaction, it has been determined that, in accordance with IFRS 3, it should be classified as an asset acquisition.

No relevant entity acquisitions were made during the 2019 fiscal year, in accordance with the previous definition of a business as laid out in the version of IFRS 3 in force during the fiscal year.

5.4 Business combinations

No business combinations, in accordance with the amended definition of a business in IFRS 3, have occurred during the 2020 fiscal year.

Under the scope of the SPV purchase agreement with Solation described in note 5.2 above, several SPVs were taken over during the 2019 fiscal year in Brazil, which carried out two solar power plant construction projects:

- Leo Silveira: Leo Silveira I, Leo Silveira II, Leo Silveira III, Leo Silveira IV, Leo Silveira V, and Leo Silveira VI; and
- Araxá

Although the subsidiary Powertis had made advance payments of 3,811 thousand euros in the 2018 fiscal year for the right to acquire the entities (see note 10.1.iv), the transfer of control was not deemed to have taken place owing to certain termination clauses present in the contracts which could have led to the reversal of the transaction. These clauses were satisfied for Leo Silveira on December 6th, 2019 and on November 26th, 2019 for Araxá with no further involvement of third parties since those dates. Therefore, on December 31st, 2019 the Group recognized the transfer of control.

Although each purchase of legal entities associated to projects was treated as a separate business combination, they were grouped and considered a single entity for disclosure purposes. In light of this, the cost of this business

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combination was amounted in 21,520 thousand euros. Nevertheless, it was agreed upon by each party that payment of the aforementioned amount would be made based on the evolution of the development and construction of the solar power plants. Therefore, on December 31st, 2019 the Group registered a liability for the payment-pending amount of 16,764 thousand euros, of which it estimated that 14,130 thousand euros would be paid in the 2020 and thus classified as short-term (see note 10.2), and that the rest would be paid over the course of the 2021 fiscal year (see note 10.2). These liabilities, which stem from next the next milestones on the pending payment schedule, were not guaranteed or pledged by the acquired assets. The deferred payment was valued at its present value, discounting future payments at a rate of 8.86%, corresponding to the average financing rate for Powertis, S.A.U. during the 2019 fiscal year.

The Group determined, on the date control was transferred, the cost of the business combination in accordance with the version of IFRS 3 in force, as well as the fair value of the acquired assets and liabilities in the business combinations in accordance with what is established in the IFRS 13 "Fair Value Measurement" guidance on valuation.

During the 2020 fiscal year, the transaction price was reduced, though the board of directors have considered that this reduction in price was caused by problems that arose during the 2020 fiscal year and which did not exist at the moment of the business combination and, therefore, a modification of the business combination was not needed (see note 10.2).

Therefore, during the 2019 fiscal year the former sole director of the Parent Company carried out an initial allocation of the business combination cost estimating that the fair value of the net assets acquired ascended to 32,170 thousand euros (see note 6), which meant the recognition of a bargain purchase gain of 10,650 thousand euros. As a consequence of the identification process for the acquired assets and assumed liabilities, PLCs which were not previously recognized were identified in the acquired entities and which were subject to be registered as intangible assets in the business combination in accordance with the criteria laid out by IAS 38. Additionally, due to the tax effect linked to the intangible asset, a deferred tax liability for 8,043 thousand euros was registered, whose offsetting entry lowered the initially recognized bargain purchase gain by the same amount, leading to the recognition of a final bargain purchase gain, owing to the difference between the consideration given and the fair value of the acquired assets and assumed liabilities, of 2,607 thousand euros which was registered under the line "Other profit/loss" of the 2019 consolidated profit & loss account.

This negative difference on the business combination was registered in the consolidated financial statements for the 2019 fiscal year, as its fair value was calculated by an independent expert and originating from the revaluation of the acquired projects between the date the SPV purchase contract was formalized (September 2018) and the date control was transferred according to the criteria set by the sole director of the Parent Company (November and December 2019).

5.5 Disposal of entities resulting in a loss of control

i. <u>Sale of Spanish SPVs to Total Solar SAS</u>

On January 30th, 2020, the subsidiary Powertis, S.A.U., reached an agreement with Total Solar SAS by which Powertis grants it a preferential right of purchase over certain special purpose entities (SPV), for up to 1,000MW of power in Spain over a year. Under this preferential right of purchase agreement, Powertis, S.A.U. must transfer to Total Solar SAS, 65% of the shares it holds in each of the SPVs as required by Total Solar SAS. This agreement has originated sales transactions which took place in March and July of 2020.

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In the 2020 fiscal year, the transfer of 65% of the shares of Amber Solar Power Uno, S.L. Amber Solar Power Tres, S.L., Amber Solar Power Cuatro, S.L., Amber Solar Power Cinco, S.L., Luminora Solar Cuatro, S.L., Amber Solar Power Nueve, S.L. Amber Solar Power Diez, S.L., Amber Solar Power Quince, S.L., Amber Solar Power Dieciséis, S.L., Luminora Solar Dos, S.L. y Luminora Solar Tres, S.L has been carried out. Consequently, as of December 31st, 2020, the Group had lost the control it held over these SPVs. These transactions have implied the recognition of 7,376 thousand euros of income owing to the loss of control which were registered under the line “Results from the transfer of control over SPVs” as well as the recognition of 3,510 thousand euros for the valuation at fair value of the stake (determined through the sale price) under the line “Changes in fair value of financial instruments” (see note 16.6).

Those stakes, valued at fair value in the moment of the sale and adjusted by the share in the profit or loss from the entities valued by the equity method are registered under the line “Investments accounted for by the equity method” (see note 9).

5.6 Transfer of shares and/or other holdings without loss of control

i. Transfer, without loss of control, of the Leo Silveira Brazilian SPVs’ equity holdings

On September 23, 2020, Powertis, S.A.U. reached an agreement with a third party, whereby it agreed to sell SPVs Leo Silveira IV, V and VI (*Block A*), and on November 4, 2020, the agreement for the sale of SPVs Leo Silveira I, II and III (*Block B*) was formalized, establishing a condition precedent.

This agreement is instrumented in two separate sale agreements for 100% of the shares of each of the blocks, setting a sale price of 55 million Brazilian Reais for Block A and 40 million Brazilian Reais for Block B. The purchase and sale agreement includes the legal transfer of the shares, as a necessary condition for the buyer to carry out the necessary administrative procedures for the change of ownership of all permits, licenses and concessions, although the payment of the agreed amounts is subject to the fulfillment of a series of conditions by both parties. Until these conditions are met, the corporate books of the SPVs have been deposit in the custody of a legal depository as a guarantee of collection.

The agreement also allows for the termination of the agreement at the sole discretion of the purchaser in the event that payment has not been made or if the purchaser exercises the right to sell the shares by returning them to Powertis. In this regard, at December 31, 2020, the conditions for payment had not been met for any of the blocks and therefore, according to the estimate made by the Parent Company's directors, the conditions for the transfer of control had not been met.

The impact of this sale agreement has revealed an impact of impairment of 674 thousand euros in the PLCs (see note 6), recorded under "Profit/loss from the sale of fixed and other assets" for those SPVs in which their net assets, considering the associated deferred tax liabilities and other net assets contributed to the consolidated group, are lower than their selling price. Likewise, the deferred tax liabilities associated with the impaired amount in the PLCs have been derecognized in the corresponding proportion.

In this regard, since the directors consider that the carrying amount of these SPVs will be recovered through the sale transaction with a third party described above and that it is highly probable that the conditions for the transfer of control will be met in the short term, the group of assets and liabilities associated with these SPVs have been classified as available for sale. When control of these investees is transferred, the translation differences recorded as a reduction of the Group's equity, which at December 31 amounted to 5,180 thousand euros, will be recycled to the consolidated profit & loss account.

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The detailed description of the assets and liabilities classified as available for sale and their net book value as of December 31, 2020 is as follows:

	Thousand euros
PLCs	18,583
Total non-current assets held for sale	**18,583**
Deferred tax liabilities	(4,646)
Total Liabilities related to Non-current assets held for sale	**(4,646)**
Total net assets of the SPVs associated with the project Leo Silveira	**13,937**

During the month of January 2021, the buyer has notified the fulfillment of all the conditions of the Block A agreement, having made the payment of the agreed amount during the month.

The result of this transaction should be analyzed together with the debt reduction agreed with Solatio in September 2020, which resulted in financial income of 6,434 thousand euros in the consolidated profit & loss account for 2020 (see notes 10.2.1 and 16.6).

ii. Transfer, without loss of control, of Italian SPVs' equity holdings to Aquila

On December 24, 2020, Powertis, S.A.U. reached a framework agreement with a third party whereby they have agreed to jointly develop, finance, construct and manage a portfolio of up to 754 MW of solar projects associated with SPVs in the Italian territory that runs until December 31, 2023.

Under this agreement, an initial transfer of 51% of the shares of SPVs associated with projects in Italy is set at a price based on the MW that can be finally generated in such locations, which has been initially calculated based on the expected MW and which will be adjusted once the project is completed based on the MW obtained, the final costs of the ground lease and possible delays in the project. Such transfer of shares must be subsequently formalized in individualized purchase and sale agreements. The initial purchase price will be paid by the investor in two tranches, a first tranche of 50% on the date of the transfer of the shares and the second tranche when the developed projects reach "*Ready to Build*" status (as defined in the contract, the project reaches the "*Ready to Build"* stage with the obtaining of all the necessary licenses to start the construction phase, the execution of the interconnection right and the notarial registration of the land).

Furthermore, in the event that the project initially transferred cannot achieve "*Ready to Build*" status as a result of the impossibility of obtaining any of the licenses, permits or contracts necessary to start the construction phase, Powertis is obliged to offer the investor new projects for at least the same capacity and with similar characteristics. This obligation has been limited to a number of MW and on specific replacement projects offered. In case of replacement, a new purchase and sale agreement will be made on the new SPV. The Investor is entitled to compensation for the capital invested, including the price paid for the SPV and any additional development financing provided. For its part, Powertis is obliged to acquire the equity at par value previously acquired by the Investor in the failed project together with any contribution made to such SPV by the Investor.

Once the project reaches "Ready to Build" status, the investor will have the right, but not the obligation, to exercise a 49% call option on the remaining equity.

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Under this framework agreement with the same date of December 24, 2020, the share purchase and sale agreement has been perfected whereby 51% of the shareholding of ten Italian SPVs (spin-out from Powertis Italia, as described in note 5.1) containing solar projects with an estimated capacity of 249 MW have been transferred, without substantially transferring the risks and rewards of the transaction, given that none of the projects has reached "Ready to build" status as defined in the contract. The Group has received an amount of 3,174 thousand euros which is recorded under "Non-current financial liabilities" and "Current financial liabilities" in the consolidated statement of financial position at December 31, 2020 (see note 10.2).

As "Ready to build" occurs in the different projects, income from the sale of 51% of the shares will be recognized for a total amount of 6,299 thousand euros and income from the change in the fair value of the percentage held by the equity method of 6,052 thousand euros.

6 Intangible assets

The detail and movement of the items included in the item "Intangible assets" as of December 31, 2020 and 2019 is shown below:

Fiscal year 2020

	Thousand euros					
	Initial balance	Additions	Disposal resulting in the scope of consolidation	Reclassifications (note 5.6)	Exchange rate differences	Final balance
Cost:						
Development	3,051	1,633	-	-	-	4,684
Other intangible assets - Other intangible assets						
Industrial Property		-	-	-	-	
Computer applications	441	216	-	-	(17)	640
PLCs	32,170	6,309	(300)	(19,257)	(8,677)	10,245
Total cost	**35,815**	**8,158**	**(300)**	**(19,257)**	**(8,694)**	**15,722**
Accumulated depreciation:						
Development	(1,441)	(443)	-	-	-	(1,884)
Other intangible assets - Other intangible assets						
Industrial Property	(84)	(21)	-	-	-	(105)
Computer applications	(245)	(105)	-	-		(340)
Total accumulated depreciation	**(1,770)**	**(569)**	**-**	**-**		**(2,329)**
Impairment:						
PLCs	-	(674)	-	674	-	-
Total intangible assets	**34,045**	**6,915**	**(300)**	**(18,583)**	**(8,684)**	**13,393**

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Fiscal year 2019

	Thousand euros				
	Initial balance	Additions	Disposals	Exchange rate differences	Final balance
Cost:					
Development	2,083	968	-	-	3,051
Other intangible assets - Other intangible assets					
Industrial Property	151	2	-	-	153
Computer applications	397	99	-	(55)	441
PLCs	-	32,170	-	-	32,170
Total cost	**2,631**	**33,239**	-	**(55)**	**35,815**
Accumulated depreciation:					
Development	(1,126)	(315)	-	-	(1,441)
Other intangible assets - Other intangible assets					
Industrial Property	(63)	(21)	-	-	(84)
Computer applications	(196)	(74)	-	25	(245)
PLCs	-	-	-	-	-
Total accumulated depreciation	**(1,385)**	**(410)**	-	**25**	**(1,770)**
Total intangible assets	**1,246**	**32,829**	-	**(30)**	**34,045**

Additions

The main additions in 2020 relate to the acquisition of PLCs following the takeover of the Pedranópolis and Sol de Varzea SPVs (see note 5.2) in the amount of 4,495 thousand euros, which includes prepayments prior to the takeover of 1,781 thousand euros recorded under long-term "Other financial assets" (see note 10.1). There are also additions from internally generated assets for "PLCs" amounting to 1,812 thousand euros. These capitalized expenses are associated with the development of solar projects for which the Parent Company's technical management considers that all the requirements for capitalization in accordance with current accounting regulations have been met.

In addition, in 2020, there have been additions from internally generated assets under "Development" amounting to 1,633 thousand euros (968 thousand euros in 2019). These expenses are associated with new products for which the Parent Company's technical management estimates a positive return, within the framework of the testing and validation tests that are being carried out, including technical reports, and which are expected to be marketed under contracts to be executed during the next fiscal years.

The main additions in 2019 corresponded to the fair value of intangible assets acquired in the purchase of SPV's Leo Silveira and Araxá (see note 5.4) (acquisition of the PLC's of the SPV's) in the amount of 32,170 thousand euros.

PLCs

PLC's correspond to permits, licenses and concessions that have been generated internally, acquired during 2020 as well as those identified in 2019 as a result of business combinations that occurred during 2019 (see note 5.4).

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Since the functional currency of the PLC's that arose in the 2019 business combination is the Brazilian real, the translation differences have been recorded as a change in equity, net of the associated deferred tax liabilities, amounting 6,508 thousand euros.

The reclassifications recorded under this item are due to the consideration of the PLCs associated with Leo Silveira's SPVs as "Non-current assets held for sale" (see note 5.6).

PLC impairment test

The Group has performed the corresponding impairment test based on IAS 36. In this regard, it has been considered appropriate to differentiate between the different projects when determining their recoverable amount:

- Leo Silveira project. For this project, the directors have considered that the sale price agreed with a third party during the year 2020 (see note 5.6) is an appropriate value reference that determines the recoverable amount at December 31, 2020, therefore, they have recorded such assets at the sale value (considering the total consolidated net assets at December 31, 2020 for such project). In this regard, they have recorded an impairment of value under "Profit/loss from the sale of fixed and other assets" in the accompanying consolidated profit & loss account in the amount of 674 thousand euros. These assets were subsequently reclassified as "Non-current assets held for sale" (see Note 5.6).

- Araxá, Pedranópolis and Sol de Varzea projects. The Parent Company's directors have performed an impairment test as of December 31, 2020.

In the context of the COVID-19 crisis, a period of notorious uncertainty has been unleashed, with an unprecedented sudden economic halt. Given the complexity of the situation, it is difficult to establish a scenario with predictable certainty about the evolution of events, so it is necessary to analyze different scenarios.

Specifically, the calculation performed for the evaluation of the possible impairment of the PLC's associated to these projects has been carried out through financial projections for each of the acquired projects. These projections are established for the project taking into consideration the estimated commissioning date, its useful life and estimating the impact of the crisis on the macroeconomic scenarios. In this regard, the key assumptions of these projections are based on the estimated production capacity to be installed, the project development and construction costs, operating costs (project efficiency), the energy sale price (for the non-regulated part through the long-term energy sale agreement) established based on the historical experience of the administrators and discounted at a discount rate, which has included this increase in uncertainty, of 11.20% (10.95% in fiscal year 2019).

In this regard, according to the estimates and projections available to the directors, the cash flow forecasts attributable to these assets allow the net book value of these assets to be recovered and, therefore, no impairment losses have been recognized for these projects. Furthermore, the cash flow forecasts are associated with an agreement to sell electricity at a contractually agreed price over a long-term period from the start of operation of the solar farms and, therefore, in the opinion of the directors, there have been no changes in assumptions that would call into question the modification of the expected cash flow forecasts in a significant manner. The absence of indications of impairment is based on the fact that the acquisition of these SPV's was made by the Group in the early development phase, assuming, therefore, an additional risk that the project may not be successful, being acquired at a discount to their current value in use according to the latest updated projections.

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In this context and in the opinion of the directors, any reasonable change in the key assumptions used to determine the recoverable amount of the projects would not result in the carrying amount of the asset exceeding the recoverable amount.

As of December 31, 2020, financing had been obtained for the Araxá and Pedranópolis projects (see note 10.2.2) and the "*Ready to Build"* phase had been reached for Araxá, with this phase having been achieved for Pedranópolis in January 2021. Sol de Varzea continues with its development in line with the pre-established schedule and without significant incidents.

- Internally generated projects. Internally generated projects have been recognized during the year 2020, once they have met the requirements established by the Parent Company's directors for their activation. In this regard, at December 31, 2020, based on the impairment assessment performed by the Parent Company's directors, they consider that it is highly probable that they will be recoverable through their use or sale to third parties.

Others

During fiscal year 2020, no acquisitions related to intangible assets were made from related companies (same situation in fiscal year 2019).

At the end of 2020, there are no firm purchase or sale commitments in respect of intangible assets in force at the date of preparation of these consolidated financial statements other than those indicated in notes 5.3 and 5.5 (same situation at the end of 2019).

All intangible assets are assigned to the Group's operations.

7 Property, plant and equipment

The detail and movement in this item in the consolidated statements of financial position as of December 31, 2020 and 2019 is shown below:

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Fiscal year 2020

	Thousand euros				
	Initial balance	Additions	Disposals	Exchange rate differences	Final balance
Cost:					
Land and buildings -					
Constructions	2,881	1,152	-	-	4,033
	2,881	1,152	-	-	4,033
Technical installations and other tangible fixed assets -					
Technical installations and machinery	3,219	290	(46)	(313)	3,150
Tools, other facilities and furniture	3,126	1,132	(123)	(307)	3,828
Other property, plant and equipment	1,172	99	(46)	(107)	1,118
Property, plant and equipment in progress and advances	-	673	-	(33)	640
	7,517	2,194	(215)	(760)	8,736
Total cost	**10,398**	**3,346**	**(215)**	**(760)**	**12,769**
Accumulated depreciation:					
Land and buildings -					
Constructions	(432)	(159)	-	-	(591)
	(432)	(159)	-	-	(591)
Technical installations and other tangible fixed assets -					
Technical installations and machinery	(1,223)	(571)	36	83	(1,675)
Tools, other fixtures and furniture	(1,030)	(596)	15	96	(1,515)
Other property, plant and equipment	(454)	(108)	12	48	(502)
	(2,707)	(1,275)	63	227	(3,692)
Total accumulated depreciation	**(3,139)**	**(1,434)**	**63**	**227**	**(4,283)**
Total	**7,259**	**1,912**	**(152)**	**(533)**	**8,486**

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Fiscal year 2019

	Thousand euros					
	Balance initial	Additions	Disposals	Reclassifications (note 8)	Exchange rate differences	Balance final
Cost:						
Land and buildings						
Constructions	2,610	387	(116)	-	-	2,881
	2,610	387	(116)	-	-	2,881
Technical installations and other tangible fixed assets -						
Technical installations and machinery	1,746	641	(32)	904	(40)	3,219
Tools, other facilities and furniture	1,735	1,539	(107)	-	(41)	3,126
Other property, plant and equipment	898	324	(35)	-	(15)	1,172
	4,379	2,504	(174)	904	(96)	7,517
Total cost	**6,989**	**2,891**	**(290)**	**904**	**(96)**	**10,398**
Accumulated depreciation:						
Land and buildings						
Constructions	(296)	(152)	16	-	-	(432)
	(296)	(152)	16	-	-	(432)
Technical installations and other tangible fixed assets -						
Technical installations and machinery	(730)	(188)	24	(347)	18	(1,223)
Tools, other fixtures and furniture	(559)	(540)	51	-	18	(1,030)
Other property, plant and equipment	(307)	(188)	33	-	8	(454)
	(1,596)	(916)	108	(347)	44	(2,707)
Total accumulated depreciation	**(1,892)**	**(1,068)**	**124**	**(347)**	**44**	**(3,139)**
Total	**5,097**	**1,823**	**(166)**	**557**	**(52)**	**7,259**

The net book value of "Property, plant and equipment" items as of December 31, 2020 and December 31, 2019 is as follows:

	Thousand euros	
	31/12/2020	31/12/2019
Land and buildings:		
Constructions	3,442	2,449
	3,442	**2,449**
Technical installations and other tangible fixed assets:		
Technical installations and machinery	1,475	1,996
Tools, other facilities and furniture	2,313	2,096
Other property, plant and equipment	616	718
Property, plant and equipment in progress	640	-
	5,044	**4,810**
	8,486	**7,259**

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Movement

The main additions as of December 31, 2020 correspond to works and installations carried out in the buildings and warehouses in which the Group carries out its activity, as well as the acquisition of machinery, tools and equipment for the execution of installation projects mainly in Spain.

In addition, during the 2020 fiscal year, payments made for advances for the acquisition of land to carry out projects associated with one of the Italian SPVs as well as the first disbursements required for the start of construction of Araxá and Pedranópolis were recorded under "Property, plant and equipment in progress".

The main additions in fiscal year 2019 corresponded to i) works to improve and furnish the facilities in the stock *"hub"*, which was created in fiscal year 2017, expanding the warehouses in Spain to provide greater agility and commercial flexibility and ii) purchases of tooling and machinery in Brazil and Mexico for use in installation projects.

The reclassifications relate to assets under finance leases that at year-end 2019 were owned by the Group (see note 8).

Warranties

As of December 31, 2020, there is no collateralized financing granted to the Group (same situation as of December 31, 2019).

Insurance policies

The Group's policy is to take out insurance policies to cover the possible risks to which the various items of "Property, plant and equipment" are subject, such items being sufficiently covered at December 31, 2020, in the opinion of the Parent Company's directors (same situation at December 31, 2019).

Others

During the 2020 fiscal year, there have been no impairment adjustments of significant amount in the items of "Property, plant and equipment" (same situation during the 2019 fiscal year) nor have there been acquisitions related to items of "Property, plant and equipment" to related companies (same situation during the 2019 fiscal year).

There are no firm purchase or sale commitments with respect to "Property, plant and equipment" in force at the date of preparation of these consolidated financial statements (same situation during the previous year).

All items of "Property, plant and equipment" are assigned to the Group's operations and are free of encumbrances.

8 Leases

IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that both the lessee and the lessor provide relevant information that represents a true and fair view of such transactions. IFRS 16 provides a single accounting model for the lessee, whereby the lessee must recognize right-of-use assets and related lease liabilities for all leases, unless the lease term is 12 months or less or the underlying asset is of low value.

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The criteria established by IFRS 16 for the recording of leases were applied retrospectively on a modified retrospective basis, matching the amount of the asset to the present value of the discounted rentals, adjusting the opening balance sheet at the date of adoption.

Leases held by the Group included in property, plant and equipment at December 31 , 2020 and 2019 are as follows::

Fiscal year 2020

	Thousand euros				
	Initial balance	Additions	Disposals	Exchange rate differences	Final balance
Cost*:*					
Land and buildings	11,636	13,246	(6,313)	120	18,689
Other fixed assets	288	667	(141)	-	814
Total cost	**11,924**	**13,913**	**(6,454)**	**120**	**19,503**
Accumulated depreciation*:*					
Land and buildings	(2,795)	(1,475)	1,388	-	(2,882)
Other fixed assets	(41)	(234)	118	-	(157)
Total accumulated depreciation	**(2,836)**	**(1,709)**	**1,506**	**-**	**(3,039)**
Total right of use	**9,088**	**12,204**	**(4,948)**	**120**	**16,464**

Fiscal year 2019

	Thousand euros					
	Initial balance	Additions	Disposals	Reclassifications (note 7)	Exchange rate differences	Final balance
Cost*:*						
Land and buildings	9,807	1,933	(123)	-	19	11,636
Other fixed assets	1,106	1,612	(1,526)	(904)	-	288
Total cost	**10,913**	**3,545**	**(1,649)**	**(904)**	**19**	**11,924**
Accumulated depreciation*:*						
Land and buildings	(1,575)	(1,343)	123	-	-	(2,795)
Other fixed assets	(349)	(1,565)	1,526	347	-	(41)
Total accumulated depreciation	**(1,924)**	**(2,908)**	**1,649**	**347**	**-**	**(2,836)**
Total right of use	**8,989**	**637**	**-**	**(557)**	**19**	**9,088**

The Group leases various assets, including land, buildings and other fixed assets.

During the fiscal year 2020 there has been an addition in the development segment amounting to 1,940 thousand euros, corresponding to the land lease agreement for the Araxá project, since the existing lease option has been converted into a lease when the project has reached the "*Ready to Build*" stage.

Additionally, during 2020, certain lease contracts with parties related to the Parent Company relating to buildings (warehouses) and land associated with the industrial segment were cancelled. Thus, these cancellations have

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entailed net retirements amounting to 4,225 thousand euros and the recording of a positive result under the heading "Profit/loss from the sale of fixed and other assets" amounting to 202 thousand euros.

These cancellations have been replaced by a series of lease contracts signed with a party related to the Parent Company, also corresponding to the lease of warehouses and land where the industrial segment carries out its activity, which have resulted in additions amounting to 10,999 thousand euros. Since these lease contracts have been cancelled and involve significant changes in the leased items, change of counterparties, rent and duration, the Parent Company's directors have considered that this is not a modification of the lease contracts and have recorded the corresponding retirements and additions. In addition, the contracts that ended during 2020 are also considered as retirements for the year (same situation during 2019).

On the other hand, the main additions in fiscal year 2019 corresponded to the lease of land and warehouses in line with the Group's needs.

The average lease period is not indicative, since there is a wide dispersion between the period considered for leases of land and buildings and the rest of the assets subject to lease. With respect to the lease period, no lease liability has been considered other than the non-cancellable contractual minimum, since the exercise of extension options, if any, is not reasonably certain. In fiscal year 2019, the minimum non-cancellable period was taken, except for those land and building contracts cancelled during fiscal year 2020 in which, if there was an extension option, it had been considered as reasonably certain to be exercised due to the significant volume of investments in investments and improvements thereof.

In accordance with this policy, the average lease period calculated in accordance with IFRS 16 is around four years (three years in 2019), except for certain warehouse contracts which is ten years (same duration as in 2019), certain contracts for warehouses where the industrial segment carries out its business which have a duration of 20 years and three land contracts for which the average period is 30-33 years from the date of transition to IFRS 16.

The reclassifications relate to assets under finance leases that became the property of the Group during 2019 (see note 7).

The detail by maturity of the lease liability without discounting the financial effect as of December 31, 2020 is as follows:

	Thousand euros					
	2021	2022	2023	2024	2025 and thereafter	Total
Lease liabilities	1,896	1,508	1,273	1,202	20,549	26,428

The detail by maturity of the lease liability without discounting the financial effect as of December 31, 2019 is as follows:

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	Thousand euros					
	2020	2021	2022	2023	2024 and thereafter	Total
Lease liabilities	1,401	1,251	1,040	945	7,895	12,532

The financial expense recorded for contracts subject to IFRS 16 amounted to 667 thousand euros in fiscal year 2020 (447 thousand euros in fiscal year 2019).

Given the characteristics of the contracts, in the cases in which there are contracts with an extension option, since they are contracts relating to land and buildings, a long lease term has been estimated (linked to the amortization period of the related asset investments) or the term of the contract itself, for which reason it can be stated that in any case there are no probable lease payments that have not been considered reasonably certain.

As described in note 2.6.e, the Group has availed itself of the exemptions for short-term contracts with the expense recognized in the consolidated profit & loss account for short-term contracts amounting to 5,688 thousand euros in 2020 (5,012 thousand euros in 2019). At December 31, 2020 there are no significant lease contracts subject to variable rent nor are there any sublease transactions to third parties external to the Group or *sale & leaseback* contracts *(*same situation at December 31, 2019).

In 2020, the average discount rate applied was 3.5% for Spain, 9.1% in LATAM and 8.1% in the rest (same percentages in 2019). This interest rate is calculated based on the risk-free rate in each country (to reflect the specific circumstances of each economy and the currency of the contract) adjusted by the risk differential applicable to Group companies.

For the development of its activity, Powertis, S.A.U., in each of its projects, reaches agreements with the owners of the land on which it conducts research to ensure a future lease of up to 35 years in its case. These agreements have a duration of between two and five years and generally consist of a down payment. During this period, the landowner is free to continue his economic activity on the land. During this period, Powertis is also free to terminate the contract without penalty. Only if within this period Powertis finally decides to undertake construction (depending on the outcome of the technical and economic feasibility studies) will the corresponding lease contract be established.

In this regard, in line with the criterion mentioned in the previous paragraph, during the 2020 fiscal year, the rights of use associated with the land on which the Araxa project is being developed have been recorded. In fiscal year 2019, the sole administrator, in line with the criterion mentioned in the previous paragraph, did not consider the corresponding lease agreement of the Brazilian SPV's acquired from a third party.

Total cash outflows from leases amount to 13,913 thousand euros in 2020 (€9,186 thousand euros in 2019).

In addition, the Group has not received any leasehold improvements as a result of COVID-19 and therefore has not applied any of the IFRS 16 improvements issued during the fiscal year 2020 as a result of the pandemic.

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9 Investments and receivables in companies accounted for by the equity method

9.1 Investments in companies accounted for by the equity method

The changes in investments in companies accounted for by the equity method during 2020 were as follows:

	Thousand euros					
	Initial balance	Cost-method investments	Revaluation (note 5.5)	Equity in income of investments accounted for by the equity method	Other contributions	Final balance
Spanish SPVs (11 associated companies)	-	512	3,510	(39)	118	4,101

In 2020 the loss of control of 11 Spanish SPVs occurred as a result of the transaction described in note 5.5. in which 35% of the shareholding was maintained. This transaction has generated a positive result recorded under "Change in fair value of financial instruments" in the amount of 3,510 thousand euros as a result of the valuation at fair value based on the sale price of the retained interest. Also, once control was transferred, and in accordance with the proportional agreement with the other shareholder of the SPVs, contributions in the amount of 118 thousand euros were made to finance these SPVs.

The share in the results of investments accounted for by the equity method in the year from the time of the loss of control represents a loss of 39 thousand euros.

The main aggregates of these Group associated companies are shown in Appendix II.

9.2 Due to companies accounted for by the equity method and others

In 2020, a loan agreement has been entered into between Powertis S.A.U. and a divested SPV over which it retains 35% control in the amount of 1,207 thousand euros to finance the project it is developing. The financing provided is proportional to the percentage in the capital of each of the partners in the SPV. The loan accrues interest at 6-month EURIBOR + 2.5% payable, together with the principal, on the single maturity date in December 2030.

The Group also records under "Short-term investments in Group and associated companies" the cash transfers made in the development segment to SPVs consolidated by the equity method to finance their operations. These funds are of a working capital nature and do not accrue interest.

10 Financial instruments

10.1 Financial assets

Below is an analysis of the detail of financial assets as of December 31, 2020 and December 31, 2019 showing the following information:

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- the different classes of financial instruments recorded by the Group based on their nature and characteristics.
- the carrying amount of such financial instruments; and - the carrying amount of such financial instruments.
- their fair value (except for those financial instruments whose carrying value approximates their fair value).

	Thousand euros			
	Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Balance as of December 31, 2020
Non-current financial assets (Note 10.1.1):				
Equity instruments	-	84	-	84
Other financial assets	5,044	-	-	5,044
Total non-current financial assets	**5,044**	**84**	-	**5,128**
Current financial assets:				
Trade receivables for sales and services rendered (Note 10.1.2.i)	64,004	-	-	64,004
Loans to third parties (Note 10.1.2.ii)	30	-	-	30
Deposits and guarantees (Note 10.1.2.ii)	86	-	-	86
Derivatives (Note 10.3)	-	-	2,039	2,039
Others (Note 10.1.2.i)	1,135	-	-	1,135
Total current financial assets	**65,255**	-	**2,039**	**67,294**
Total financial assets	**70,299**	**84**	**2,039**	**72,422**

	Thousand euros			
	Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Balance as of December 31, 2019
Non-current financial assets (Note 10.1.1):				
Equity instruments	-	84	-	84
Debt securities	2,305	-	-	2,305
Other financial assets	2,596	-	-	2,596
Total non-current financial assets	**4,901**	**84**	-	**4,985**
Current financial assets:				
Trade receivables for sales and services rendered (Note 10.1.2.i)	117,533	-	-	117,533
Loans to third parties (Note 10.1.2.ii)	1,191	-	-	1,191

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Deposits and guarantees (Note 10.1.2.ii))	1,808	-	192	2,000
Others (Note 10.1.2.i)	111	-	-	111
Total current financial assets	**120,643**	-	**192**	**120,835**
Total financial assets	**125,544**	**84**	**192**	**125,820**

The most significant changes in financial assets in 2020 and 2019 are explained below.

10.1.1 Non-current financial assets

The changes in the heading "non-current financial assets" during 2020 and 2019 were as follows:

Fiscal year 2020

	Thousand euros					
	Initial balance	Additions	Disposals	Exchange rate differences	Transfers	Final balance
Equity instruments	84	-	-	-	-	84
Debt securities	2,305	-	(2,305)	-	-	-
Other financial assets						
Mutual funds and long-term deposits	10	-	(10)	-	-	-
Long-term recoverable tax balances	970	3,202	-	(520)	-	3,652
Prepayments for equity instruments	1,475	1,649	-	(590)	(1,781)	753
Long-term deposits and guarantees	141	552	(18)	(36)	-	639
	4,985	**5,403**	**(2,333)**	**(1,146)**	**(1,781)**	**5,128**

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Fiscal year 2019

	Thousand euros					
	Initial balance	Additions	Disposals	Exchange rate differences	Transfers	Final balance
Equity instruments	84	-	-	-	-	84
Debt securities	-	2,305	-	-	-	2,305
Other financial assets						
Mutual funds and long-term deposits	10	-	-	-	-	10
Long-term recoverable tax balances	-	970	-	-	-	970
Prepayments for equity instruments	3,811	1,547	-	(71)	(3,811)	1,475
Long-term bonds	473	8	(340)	-	-	141
	4,378	**4,830**	**(340)**	**(71)**	**(3,811)**	**4,985**

i. *Debt securities*

As of December 31, 2019, the Group had recorded, through its subsidiary Soltec Brasil Industria, Comercio e Servicos de Energías Renovaveis LTDA, the investment in debt securities of Banco Bradesco, S.A. maturing in 2021 and 2022 for a total nominal amount of 2,217 thousand euros. This investment has been written off early during the year 2020.

ii. *Long-term and short-term recoverable tax balances (IPI and PIS/COFINS)*

The Group considers as recoverable tax balances those balances it has with the Brazilian tax authorities in relation to IPI and PIS/COFINS taxes in its subsidiary Soltec Brasil Industria, Comercio e Servicos de Energías Renovaveis LTDA. Based on the estimates of the Parent Company's directors, it has been considered that part of these assets will be recovered in the long term.

In assessing their recoverability, the Group has taken into consideration the amounts that may be offset in the future, as a result of its activity, as well as the amounts expected to be paid by the Brazilian tax authorities, concluding that there are no indications of impairment and that these receivables are fully recoverable.

The changes in the long-term and short-term recoverable tax balances associated with IPI and PIS/COFINS taxes in 2020 were as follows:

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	Thousand euros				
	Balance as of December 31, 2019	Additions	Collections	Exchange differences	Balance as of December 31, 2020
Other financial assets - Long-term recoverable tax balances	970	3,202	-	(520)	3,652
Other receivables from public authorities (Note 14.1)	8,928	8,957	(12,574)	(2,329)	2,982
	9,898	**12,159**	**(12,574)**	**(2,849)**	**6,634**

iii. *Prepayments for equity instruments*

The Group records as other long-term financial assets with third parties the amounts paid as part of the purchase process of certain Brazilian SPV's for which at year-end the takeover had not yet occurred (see notes 5.2 and 5.3).

At the beginning of the fiscal year 2020, the amounts recorded under this heading corresponded to advances paid for the Pedranópolis and Sol de Varzea projects amounting to 590 thousand euros and 885 thousand euros, respectively. These assets, together with the additional payments made in 2020 amounting to 836 thousand euros, gave rise to negative exchange differences of 530 thousand euros recognized under "Net Exchange Differences" in the consolidated profit & loss account for 2020. These amounts have reduced the liabilities for deferred payments for the purchase of SPVs recorded under "Other financial liabilities" in the headings "Non-current financial liabilities" and "Current financial liabilities" at the time of the effective transfer of control over these SPVs (see note 10.2.1.ii).

Additionally, the Group has paid 813 thousand euros during the year as a result of the acquisition of ENGADY (see note 5.3). In this respect, negative exchange differences amounting to 60 thousand euros were recorded under the heading "Net exchange rate differences" in the consolidated profit & loss account for the year 2020.

On the other hand, the transfers in fiscal year 2019 corresponded to the application of advances made in fiscal year 2018 for the takeover carried out in fiscal year 2019 of SPV's as described in note 5.4.

As of December 31, 2020, the Parent Company's directors have presented these advances in the Group's non-current assets as they are advances made for the acquisition of intangible assets (PLC's) that will be subsequently classified in the long-term (same situation as of December 31, 2019).

iv. *Long-term deposits and guarantees*

At December 31, 2020, the Group records in this item the payments made as deposits for the formalized lease options necessary to secure the land on which to develop the solar projects associated with the SPVs.

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10.1.2 Current financial assets other than derivatives

i. Accounts receivable and other current assets

The composition of the detail of "Accounts receivable and other current assets" as of December 31, 2020 and December 31, 2019 is as follows:

	Thousand euros	
	2020	2019
Customers for sales and services	64,004	117,533
Sundry accounts receivable	15	2
Advances to employees	1,120	49
Shareholders for required disbursements	-	60
	65,139	**117,644**

The movement in the allowance for impairment losses on accounts receivable is as follows:

	Thousand euros			
	Initial balance	Additions	Applications	Final balance
Fiscal year 2020	2,518	544	(24)	3,038
Fiscal year 2019	199	2,420	(101)	2,518

To determine the expected credit loss on trade receivables, the Group uses an allowance matrix. The allowance matrix is based on the historical observed default rates over the expected life of the trade receivables and is adjusted by forward-looking estimates. At the date of preparation of these consolidated financial statements, these historical observed default rates have been updated and changes in forward-looking estimates have been analyzed, which are based on an analysis of the current financial condition of the debtors, adjusted for factors that are specific to the debtors, such as the general economic conditions of the industry in which the debtors operate. The Group's expected loss is insignificant, representing 0.23% of "Revenue" at December 31, 2020 (0.15% of “Revenue” at December 31, 2019, excluding the one-time provision indicated below).

During the fiscal year 2020, 544 thousand euros have been provided for as impairment of commercial operations of various projects for which there are delays in collection and for which there is no insurance or guarantee for the impaired amount. Of the amount provided for in 2019, 1,873 thousand euros of impairment corresponded to a one-off transaction of a project accepted in previous years, whose approval as a customer and project to be supplied occurred before the currently existing operational credit control measures had been established, and therefore the Parent Company's directors consider that it is not representative of the normal operations that the Group currently has in place and, therefore, have excluded such impairment from the calculation for the determination of the expected loss. As of December 31, 2020, the Group did not have any amounts pending collection for projects in which this circumstance exists.

There have been no changes in estimation techniques or significant assumptions made during the current reporting period.

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The Group derecognizes a trade receivable when there is information indicating that the debtor is in serious financial difficulties and there is no realistic prospect of recovery, for example, when the debtor has been placed in liquidation or has entered bankruptcy proceedings.

The following table details the risk profile of trade accounts receivable based on the aging of the balances determined based on the achievement of the collection milestone:

	Thousand euros			
	Not due accounts receivables	Past due account receivable		
Deadline		0 to 90 days	90 to 180 days	More than 180 days
Balance as of December 31, 2020	42,584	12,745	170	8,505
Balance as of December 31, 2019	69,611	32,476	12,458	2,988

The increase in Past due account receivable for more than 180 days corresponds mainly to a balance held by one of the subsidiaries in the amount of 4,371 thousand euros, which is in litigation due to the currency of the collection but whose recoverability is not in doubt and is not expected to have a relevant impact on the consolidated profit & loss account, since it is mainly insured by a credit insurance policy. The Parent Company's directors consider that based on the negotiations held with these customers and established payment schedules, no new impairment of accounts receivable additional to those indicated above will arise.

Advances to employees

In addition, the Group has paid 1,120 thousand euros in advances to personnel, which are recorded under the "Personnel" item above. On the other hand, 1,099 thousand euros of this amount arose as a result of commissions advanced to specific members of the sales team.

Under the Group's current sales commission scheme, sales team members are entitled to commissions linked to the achievement of milestones related to the execution of specific projects. Therefore, as a result of the IPO transaction carried out during the year, certain employees of the sales team (the "Relevant Sales Employees") were offered the possibility of accelerating the payment of their unearned net sales commissions for the subscription of shares to non-qualified investors, and therefore the "Relevant Sales Employees" were entitled to place subscription orders for "Sales Commission Shares", which was considered as an advance paid to the personnel.

ii. Other current financial assets

The changes in the current financial assets item during 2020 and 2019 were as follows:

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Fiscal year 2020

	Thousand euros			
	Initial balance	Additions	Disposals	Final balance
Loans to third parties	1,191	30	(1,191)	30
Other financial assets				
Short-term deposits	1,808	30	(1,808)	30
Short-term guarantees	192	-	(136)	56
	3,191	**60**	**(3,135)**	**116**

Fiscal year 2019

	Thousand euros				
	Initial balance	Additions	Disposals	Impairments	Final balance
Loans to third parties	2,451	-	(873)	(387)	1,191
Other financial assets					
Short-term deposits	1,250	1,808	(1,250)	-	1,808
Short-term guarantees	30	192	(30)	-	192
	3,731	**2,000**	**(2,153)**	**(387)**	**3,191**

Loans to third parties

As a result of the sale transaction in 2017 of a subsidiary of the Group Soltec Energías Renovables, S.L.U. and subsidiaries, the Group had financial assets from third parties at the end of 2019 amounting to 1,191 thousand euros. At the time of the transfer of control, the Group assessed the obligations existing at that date and determined that it had fully complied with them, which is why it recorded the loss of control and the best estimate as to the consideration received. The payment of the agreed amounts was contingent upon the achievement of various milestones, over which the Group had no obligation or influence, and which determined the amount to be finally received by the Group. At December 31, 2020 this amount was fully collected.

Short-term deposits

At the end of 2019, the Group had two fixed-term deposits for a total amount of 1,808 thousand euros under "Current financial assets" in the consolidated statement of financial position, which were cancelled early in 2020.

Cash and cash equivalents

At December 31, 2020, the balance of "Cash and cash equivalents" in the accompanying consolidated statement of financial position corresponds almost entirely to the available liquid balances of the current accounts held by the Group with prestigious financial institutions (same situation at December 31, 2019).

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10.2 Financial liabilities

Below is an analysis of the detail of financial liabilities as of December 31, 2020 and December 31, 2019 showing the following information:

- The different types of financial instruments recorded by the Group based on their nature and characteristics;
- The carrying amount of such financial instruments; and
- The fair value thereof (except for those financial instruments whose carrying value approximates their fair value).

	Thousand euros		
	Amortized cost	Fair value through profit or loss	Balance as of December 31, 2020
Non-current financial liabilities:			
Lease liabilities	15,235	-	15,235
Other financial liabilities	4,179	-	4,179
Non-current financial liabilities (note 10.2.1)	**19,414**	-	**19,414**
Current financial liabilities:			
Current bank borrowings (Note 10.2.2.i)	85,889	-	85,889
Lease liabilities (Note 8)	1,866	-	1,866
Other financial liabilities (Note 10.2.2.ii)	8,875	-	8,875
Trade and other payables (Note 10.2.2.iii)	40,127	-	40,127
Derivatives (Note 10.3)	-	358	358
Total current financial liabilities	**136,757**	**358**	**137,115**
Total financial liabilities	**156,171**	**358**	**156,529**

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	Thousand euros		
	Amortized cost	Fair value through profit or loss	Balance as of December 31, 2019
Non-current financial liabilities:			
Lease liabilities	8,239	-	8,239
Other financial liabilities	7,313	-	7,313
Non-current financial liabilities (Note 10.2.1)	**15,552**	-	**15,552**
Current financial liabilities:			
Current bank borrowings (Note 10.2.2.i)	82,320	-	82,320
Lease liabilities (Note 8)	1,401	-	1,401
Other financial liabilities (Note 10.2.2.ii)	14,151	-	14,151
Trade and other payables (Note 10.2.2.iii)	103,125	-	103,125
Derivatives (Note 10.3)	-	2,468	2,468
Total current financial liabilities	**200,997**	**2,468**	**203,465**
Total financial liabilities	**216,549**	**2,468**	**219,017**

10.2.1 Non-current financial liabilities

As of December 31, 2020, and December 31, 2019, the composition of the heading "Non-current financial liabilities" is as follows:

	Thousand euros	
	2020	2019
Discounted lease liabilities (Note 8)	15,235	8,239
Other financial liabilities		
CDTI loans (Note 10.2.1.i)	359	388
Deferred payments purchase SPV's (Note 10.2.1.ii)	615	2,634
Revolving shareholder loan (Note 10.2.1.iii)	1,204	4,291
Prepaid SPV's (Note 10.2.1.iv)	2,001	-
	19,414	**15,552**

i. CDTI loans

The Group has two loans granted by “Centro para el Desarrollo Tecnológico Industrial (CDTI)” with repayment periods between 2021 and 2027. Therefore, 29 thousand euros have been classified under "Other current financial liabilities" for the installments to be amortized in 2021.

ii. Liabilities for deferred payments purchase SPV's

The movement in deferred payments for both long-term and short-term SPV purchases for fiscal years 2020 and 2019 is as follows:

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	Thousand euros						
	Initial balance	Additions	Reclassifications	Disbursements	Reduction	Financial revaluation	Final balance
Fiscal year 2020	16,764	4,495	(1,781)	(829)	(6,434)	(4,204)	8,011
Fiscal year 2019	-	21,520	(3,811)	(1,862)	-	917	16,764

For transactions occurring in 2020 (see note 5.2), the deferred payment has been valued at its present value discounting future payments at an interest rate of 8.86% (same interest rate for transactions occurring in 2019).

The additions in 2020 arise as a result of the Group taking control of the Pedranópolis and Sol de Varzea SPVs (see note 6), at which time the associated liability for the installments to be paid is recognized and reduced by the prepayments already paid prior to the takeover recorded under "Other long-term financial assets" (see note 10.1.1.iii) and considered in the movement as "Reclassifications" reducing the liability.

At December 31, 2020 these foreign currency liabilities have been restated by the Group at the closing exchange rate, recognizing a positive result in the amount of 4,538 thousand euros recorded under "Net exchange rate differences" in the consolidated profit & loss account for 2020 (a negative result in the amount of 837 thousand euros in 2019). Additionally, the restatement of the financial impact of the associated amortized cost has generated a negative result in the amount of 334 thousand euros recorded under the heading "Financial expenses" (80 thousand euros in the fiscal year 2019).

Consequently, at the closing date the Group had recorded a liability for the outstanding amount of 8,011 thousand euros (16,764 thousand euros at year-end 2019), of which 7,396 thousand euros (14,130 thousand euros at year-end 2019) is foreseeable to be due in the next twelve months and therefore has been classified in the short term, and the remainder is foreseeable to be satisfied in the long term.

Price reduction agreement with Solatio

Also, during 2020 Powertis, S.A.U. reached a price modification agreement with Solatio Energy Gestao de Projetos Solares Ltda and Solatio Desenvolvimento e Gestao de Projetos Solares Ltda, in relation to the sale and purchase agreement of SPVs corresponding to the Leo Silveira, Araxá, Pedranópolis and Sol de Varzea projects (see notes 5.2 and 5.4).

This price reduction agreement was caused by problems that occurred during the year 2020 and that did not exist at the time of the business combination. These events are related to the request by the financial institution financing the project to enter into a surface right contract with the owner of the land on which the project was to be developed and on which a lease option was held. Following such request, the lessor refused to execute the surface right in rem contract without modifying the conditions, for reasons that arose in fiscal year 2020 and were unknown at the time of the business combination, since it was not bound by the contract and it was not a condition that prevented the construction of the project, This also had a direct impact on the delay in the start of construction of the project and therefore on the delay in the payment of the outstanding debt with Solatio, which had expressed its intention to collaborate with the successful completion of the project.

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In view of this situation, which the purchase and sale agreement did not contemplate, it had not established any mechanism for calculating the price reduction, nor did it activate any clause for the substitution of the project, since the amount agreed between the parties was the result of the negotiation between them and the good intentions of both entities in view of the situation that had arisen.

In short, this agreement involves an adjustment to the purchase price, considering a final purchase price of the Leo Silveira SPVs of BRL 80,000 per MWp, as well as a new payment schedule as follows:

- 50% of the remaining purchase price payable on March 31, 2021 (13,922 thousand Brazilian reais, 2,184 thousand euros at the exchange rate of December 31, 2020);

- 50% of the remaining purchase price payable on June 30, 2021 (13,922 thousand Brazilian reais, or 2,184 thousand euros at the exchange rate of December 31, 2020).

Also, as a result of the restructuring of licenses and power purchase agreements between the projects purchased from Solatio, the liabilities of the SPVs Araxá and Pedranópolis have also been reduced by 1,688 thousand Brazilian reais each. All this has led to a reduction in the liabilities associated with the Leo Silveira and Araxa SPVs in the amount of 6,434 thousand Brazilian reais, the balancing entry for which has been recorded under "Finance income" (see Note 16.6).

In the case of Pedranópolis, since it was an asset acquisition under the new definition of IFRS 3 (see 5.2), the price adjustment has reduced the cost of the PLCs associated with this project by 271 thousand euros, thus not reflecting any impact on the consolidated profit & loss account.

iii. Revolving loan with shareholders

The amounts corresponding to the shareholder loan as of December 31, 2019 referred to the contributions from Sefrán and Valueteam for the development segment of the Group's projects. These loans accrued an interest rate of 10% agreed between Powertis, S.A.U. and the shareholders, being a market interest rate based on studies carried out by independent third parties. This debt did not have a pre-established maturity date, but its repayment was linked to the generation of cash from the sale of the projects in this business segment.

During 2020, the loan has been partially repaid and converted into a Revolving credit, whose outstanding balance (principal and interest) after such partial repayment is 1,204 thousand euros at December 31, 2020 (4,291 thousand euros at year-end 2019, see note 15.2).

The revolving loan is a credit line of up to 6,000 thousand euros, bearing interest at 10% per annum and maturing on July 31, 2022. During the year 2020 drawdowns on this loan have been made in the amount of 2,650 thousand euros and interest has accrued in the amount of 530 thousand euros (see note 15.1). In addition, the repayment during 2020 as a result of this revolving credit facility (shareholder loan at December 31, 2019) amounted to 6,267 thousand euros.

iv. Prepaid SPVs

At year-end 2020, the Group has recorded under "Non-current financial liabilities" and "Current financial liabilities" the collections received as a result of the transaction described in note 5.6. The Parent Company's directors, based on the development schedules agreed with the counterparty, estimate that "Ready to Build" will

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be reached in the next twelve months for certain projects. For this reason, it has classified 1,173 thousand euros under "Current Financial Liabilities" and the remaining 2,001 thousand euros under "Non-Current Financial Liabilities".

10.2.2 Current financial liabilities other than derivatives

As of December 31,2020, and December 31, 2019, composition of the heading "Current financial liabilities" is as follows:

		Thousand euros	
	Note	2020	2019
Current debts payable to credit institutions	10.2.2.i	85,889	82,320
Discounted lease liabilities	8	1,866	1,401
Other financial liabilities			
CDTI loans	10.2.1.i	29	-
Deferred payments purchase SPV's	10.2.1.ii	7,396	14,130
Prepaid SPV's	10.2.1.iv	1,173	-
Other liabilities		277	21
Accounts payable and other payables	10.2.2.ii	40,127	103,125
		136,757	**200,997**

i. Current debts payable to credit institutions

As of December 31,2020, and December 31, 2019, the composition of the item " Current debts payable to credit institutions" is as follows:

	Thousand euros			
	2020		2019	
	Limit	Short term	Limit	Short term
Industrial segment loans	-	7	-	2
Development segment loans	-	6,600	-	-
Syndicated credit facilities	80,000	78,377	80,000	78,559
Other credit policies	1,000	905	4,000	3,759
		85,889		**82,320**

On September 28, 2018, Soltec Energías Renovables, S.L.U. and subsidiaries formalized a syndicated credit facility and a guarantee line for a global amount of 100 million euros, in order to finance its specific supply and installation projects, as well as to adapt the terms of its debt to the conditions of the market in which it operates.

The aforementioned credit facility, entered into with a syndicate of financial institutions, is structured in three parts:

- 10 million, which will be used to finance the working capital needs of Soltec Energías Renovables, S.L.U. and subsidiaries, including the cancellation of all existing short-term debt, as well as to reimburse any amount derived from the execution of the guarantee line contracted.

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- Conditional drawdown tranche in the amount of 70 million euros. The drawdown of this tranche is based on the approval by the syndicate of financial institutions of the supply and installation contracts entered into by Soltec Energías Renovables, S.L.U. and subsidiaries (hereinafter, the financeable contracts), and their repayment is conditional on the collections received as a result thereof, with the maximum date being the maturity date of the syndicated credit facility. In order to be considered as a bankable contract, the Group's customer must have a rating higher than BBB- or present a first demand bank guarantee from an entity of recognized prestige.

- 20 million to be used as guarantees for the supply, installation, faithful performance or guarantee of the contracts financed in the previous tranche.

This credit facility matures on September 28, 2021 and may be extended annually by agreement of the parties on two occasions. However, the Parent Company directors' best estimate is that the drawdowns to be made will be amortized in less than twelve months. For this reason, the presentation of bank borrowings is recorded under the item "Current debts payable to credit institutions". In addition, the Group's subsidiaries that meet a series of requirements established by contract, their current accounts and future credit rights that are pledged to repayment of the tranches drawn down are also guaranteed.

At December 31, 2020, this financial debt includes the costs incurred in the formalization of the debt in the amount of 406 thousand euros (947 thousand euros at December 31, 2019). These costs are recorded as a reduction in the value of the debt and are charged to the consolidated profit & loss account based on the expected drawdown of the debt.

The annual interest rate of the credit facility is calculated based on Euribor plus a spread of 250 basis points for the tranches drawn down, a commission of 0.75% on the available and undrawn tranche, as well as a commission for drawing down the guarantee line of 0.2%. The syndicated credit facility has accrued an average interest rate of 2.49% in 2020 (2.46% in 2019) and resulted in a financial expense for the year of 2,522 thousand euros (2,485 thousand euros in 2019), recorded under "Financial expenses" in the accompanying consolidated profit & loss account for the year (see note 16.6).

In accordance with the terms of the syndicated credit facility, the credit tranches drawn down will become immediately due and payable in the event of the occurrence of certain circumstances, including non-compliance with a financial ratio, calculated as the ratio between financial expenses and earnings before interest, taxes, depreciation and amortization (EBITDA) for the group formed by Soltec Energías Renovables, S.L.U. and subsidiaries. This ratio, set at 2.5 for 2020 and 2019, has been mandatory since 2018. Likewise, the syndicated credit facility agreement contains a series of obligations to do and not to do.

At December 31, 2020, the Group was in default of this financial ratio, which would result in the early and mandatory repayment of the debt, although on February 11, 2021, an amendment to the syndicated loan agreement was made, resulting in the following characteristics:

- Unrestricted tranche for a maximum amount of up to 10 million euros.
- Conditional drawdown tranche up to 80 million euros (10 million euros increase).
- Guarantee line for a maximum amount of 110 million euros (increase of 90 million euros).
- Interest rate on the drawn tranche Euribor plus a margin of 250 basis points, partially subsidized according to certain sustainability requirements.
- The maturity date of the credit facility is February 11, 2024.

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- The financial ratio is modified to DFN/Equity, which must be less than 1.5 for the entire term of the contract (applicable from December 31, 2020 onwards).

In this regard, at December 31, 2020, and due to the novation amendment of the loan agreement, although the industrial segment did not comply with the financial ratio in force at that date, the Parent Company's directors consider that such non-compliance does not have a major implication as the amendment of the syndicated loan agreement has modified the financial ratio to be complied with at December 31, 2020 and at December 31, 2020 the group formed by Soltec Energías Renovables, S.L.U. and subsidiaries complied with the new ratio established.

On the other hand, the development segment has signed two financing agreements for the Pedranópolis and Araxa projects with Brazilian development banks for a combined amount of 385,000 thousand Brazilian reais (60,406 thousand euros at the year-end exchange rate for 2020). The drawdown of this loan is conditional upon the Group obtaining the necessary bank guarantees to counter-guarantee the transaction. These bank guarantees will only be received when the Group has made a disbursement of 30% of the construction costs to be incurred.

In this regard, given the degree of development of both projects, this requirement has not been met in the case of both projects as of December 31, 2020 and therefore, the Group has not had such financing at the end of 2020.

In addition, during 2020 Powertis S.A.U. has obtained new loans amounting to 4.1 million euros, with monthly amortization, a one-year grace period and a 5-year maturity, which will allow the financing of working capital. The directors have considered classifying these loans as short-term since, by virtue of certain clauses, they could be payable over the next 12 months. Similarly, Powertis, S.A.U. has also obtained a loan in the amount of 2.5 million euros, with a single maturity in September 2021. The total financing obtained in 2020 is counter-guaranteed by the reference shareholders Valueteam and Sefrán and another company related to it.

The average interest rate accrued on the financial debt held by the Group during 2020 amounted to approximately 3.8% (approximately 3.4% in 2020).

ii. Trade and other payables

Creditors in payment management (confirming)

At the end of fiscal years 2020 and 2019, the detail of the amounts remitted to financial institutions for management was as follows:

	Thousand euros			
	Limit	Amount under payment management	Withdrawn balance	Available balance
Balance as of 31/12/2020	4,000	1,324	-	2,676
Balance as of 31/12/2019	4,000	-	1,100	2,900

This amount is recorded under "Trade and other accounts payable - Suppliers".

At December 31, 2020, the only confirming line contracted by the Group had an indefinite maturity (same situation at December 31, 2019).

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10.3 Derivative financial instruments

Details of the fair value of derivative financial instruments as of December 31, 2020 and December 31, 2019 are as follows:

	Thousand euros	
	2020	2019
Derivative financial assets:		
Derivatives classified as hedging instruments carried at fair value -		
Forward contracts in foreign currency	2,039	-
Derivative financial liabilities:		
Derivatives classified as hedging instruments carried at fair value -		
Forward contracts in foreign currency	(358)	(2,468)
	1,681	**(2,468)**

As of December 31, 2020, the Group has contracted various exchange rate hedges for a notional amount of 25,067 thousand US dollars and 2,216 thousand Brazilian reais and 5,372 million Chilean pesos (24,892 thousand euros at the exchange rate at December 31, 2020). The net fair value of the same in 2020 amounts to 1,681 thousand euros, which is broken down in the item "Derivatives" in the line "Current financial assets" in the amount of 2,039 thousand euros and in the item "Derivatives" in the line "Current financial liabilities" in the amount of 358 thousand euros.

Also, as of December 31, 2019, the Group had contracted various exchange rate hedges for a notional amount of USD 45,968 thousand euros and 77,770 thousand Brazilian reais (58,141 thousand euros at the exchange rate as of December 31, 2019). The fair value of these in 2019 amounted to a negative amount of 2,468 thousand euros recorded under "Derivatives" in the line "Current financial liabilities".

The fair value analysis was obtained from the valuation performed by the counterparties (banks and companies specializing in exchange rate derivatives).

The maturity of these financial instruments will occur during fiscal year 2021 (fiscal year 2020 during fiscal year 2019).

In this regard, the Group recorded income as a result of the year-end change in fair value amounting to 4,149 thousand euros, as well as a gain on derivatives settled during the year amounting to 2,629 thousand euros (as of December 31, 2019, losses associated with the valuation of derivatives amounted to 3.577 thousand euros and losses on settled derivatives amounted to 1,817 thousand euros) and are recorded under "Changes in fair value of financial instruments" in the consolidated profit & loss account for 2020 (see note 16.6). These variations are mainly due to the fluctuation of the Brazilian real against the euro and the US dollar, as well as the fluctuation of the euro against the US dollar, where the latter has experienced a significant depreciation against the euro. The breakdown of this gain or loss recorded according to the reference currency of the derivative financial instrument is as follows:

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Currency sale	Currency purchase	Thousand euros	
		Impact in 2020	Impact in 2019
EUR	AUD	-	(43)
BRL	EUR	3,551	(593)
USD	EUR	2,954	(4,018)
USD	CLP	796	-
EUR	USD	(343)	-
BRL	USD	180	(740)
		6,778	**(5,394)**

11 <u>Inventories</u>

The composition of the heading "Inventories" as of December 31, 2020 and 2019 is as follow:

	Thousand euros	
	2020	2019
Merchandise	15,830	19,947
Other supplies	-	91
Inventory in progress	3,158	2,599
Impairment	(566)	-
Advances to suppliers	4,461	2,824
	22,883	**25,461**

The Group has determined the possible impairment of its inventories based on the analysis of certain variables and internal reports on its inventory and the markets in which it operates. In this regard, the impairment calculation performed by the Group has been based on a detailed analysis of the turnover of its merchandise. Consequently, in 2020, the Parent Company's directors have recorded an allowance for the impairment of inventories amounting to 566 thousand euros (zero allowance in 2019) under the heading "Supplies" in the consolidated profit & loss account(see note 16.2).

At the end of fiscal years 2020 and 2019, the Group, based on firm sales agreements with customers, had inventories in the process of being served, which have been received by the corresponding customers as of the date of preparation of these consolidated financial statements, according to the following breakdown:

Customer's country	Thousand euros	
	2020	2019
Spain	363	2.156
Brazil	285	500
Mexico	79	-
Chile	5	-
Argentina	-	883
	732	**3,539**

As of December 31, 2020, the Group has no significant inventory purchase commitments other than those disclosed under "Advances to suppliers" included under "Inventories" in the consolidated statement of financial position, corresponding to payments on account made to certain suppliers of raw materials used for the preparation and sale of the Group's final product (same situation at December 31, 2019).

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At the date of preparation of these consolidated financial statements, the Group has no inventories pledged as collateral for contracts.

It is the Group's policy to take out insurance policies to cover possible risks. At year-end 2020, in the opinion of the directors, there is no coverage deficit related to these risks (same situation at year-end 2019).

12 Total shareholders' equity

12.1 Share capital and share premium

Soltec Power Holdings, S.A. was incorporated on December 2, 2019 with a share capital represented by 60,000 shares, each with a par value of 1 euro, fully subscribed, the shareholders being Sefrán and Valueteam. The payment of this amount had been made by the shareholders as of December 31, 2019, although it had not yet been received by the Parent Company. At the date of preparation of these financial statements, the full availability of this amount had already been received.

On December 23, 2019, the General Shareholders' meeting of Soltec Power Holdings, S.A. was held, following which the execution of an increase in the share capital of the Parent Company by means of non-monetary contributions amounting to 15,000 thousand euros was raised to public, through the issue of 15,000,000 new shares, each with a par value of 1 euro each, which were issued with a share premium of 18.75 euros per share issued, i.e. with a total share premium for the whole of the increase of 281,250 thousand euros. As a result, the total amount contributed as par value plus share premium amounted to 296,250 thousand euros (see Note 2.1).

The proposed share capital increase was addressed exclusively to the shareholders of Powertis, S.A.U., i.e., Valueteam, Sefrán and an individual, as well as to the shareholders of Soltec Energías Renovables, S.L.U

The amount corresponding to this capital increase was fully paid in by the contributors through the contribution of 100% of the share capital of Powertis, S.A.U. and the contribution of 100% of the share capital of Soltec Energías Renovables, S.L.U., with the distribution of these contributions being as follows:

- The contribution made by the shareholders of Soltec Energías Renovables, S.L.U. in consideration for the subscription of 12,000,000 new shares of the Parent Company, consists of all the 823,490 shares, with a par value of 1 euro each, which make up the total share capital of Soltec Energías Renovables, S.L.U.

- The contribution made by the shareholders of Powertis S.A.U. in consideration for the subscription of 3,000,000 new shares of the Parent Company consists of all the 20,000 shares, with a par value of 100 euros each, which constitute the entire share capital of Powertis, S.A.U.

The following table shows the identification of the shareholders of Soltec Energías Renovables, S.L.U. and shareholders of Powertis, S.A.U. who make the non-monetary contributions in consideration for the new shares of the Parent Company issued as part of the capital increase:

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Soltec Energías Renovables, S.L.U.

Name of contributor	Shareholding it contributes	Number of Parent Company shares that it subscribes
Sefrán	576,443	8,400,000
Valueteam	247,047	3,600,000

Powertis, S.A.U.

Name of contributor	Shares it contributes	Number of Parent Company shares that it subscribes
Sefrán	13,300	1,995,000
Valueteam	5,700	855,000
Individual	1,000	150,000

- Valueteam subscribes and pays up 4,455,000 new shares of the Parent Company through the non-monetary contribution of 5,700 shares of Powertis, S.A.U., for a total value of 16,886 thousand euros; and the non-monetary contribution of 247,047 shares of Soltec Energías Renovables, S.L.U., for a total of for a total amount of 71,100 thousand euros.

- Sefrán, subscribes and pays up 10,395,000 new shares of the Parent Company by means of the non-monetary contribution of 13,300 shares of Powertis, S.A.U., for a total of 39,401 thousand euros; and the non-monetary contribution of 576,443 shares of Soltec Energías Renovables S.L.U., for a total value of for a total value of 165,900 thousand euros.

- An individual subscriber and pays 150,000 new shares of the Parent Company through the non-monetary contribution of 1,000 shares of Powertis, S.A.U., for a total value of for a total value of 2,963 thousand euros.

Following this transaction, the Parent Company's share capital at December 31, 2019 amounted to 15,060 thousand euros, represented by 15,060,000 shares of 1-euro par value each, fully subscribed.

The Parent Company's management considered using the so-called "pooling of interest" method whereby the values at which the net assets contributed from both sub-consolidated companies (Soltec Group and Powertis Group) are recorded are the values of the subsidiaries.

The difference between the transaction price of 296,250 thousand euros and the amount at which the net assets are recorded does not generate any goodwill, but is recorded as a reserve item, in this case, as a reduction of the share premium.

In addition, the expenses associated with the capital increases, which amounted to 94 thousand euros, were considered as a reduction of the share premium.

On October 6, 2020, the General Meeting of Shareholders of the Parent Company approved the split of the number of shares of the Parent Company by reducing their par value from 1 to 0.25 euros per share, at a ratio of 4 new shares for each old share, with no change in the amount of capital stock.

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On October 27, 2020, the resolution adopted on October 13, 2020 by the General Shareholders' meeting, consisting of a capital increase of 150 million euros by means of cash contributions, with waiver of pre-emptive subscription rights, through an offer for subscription of shares of the Parent Company and a request for admission to trading on the stock exchange, was made public.

On October 28, 2020, the Parent Company's IPO took place, prior to which the share capital was increased through the issuance and flotation of 31,146,717 new ordinary shares of the Parent Company of the same class and series with a par value of 0.25 euros per share and a share premium of 4.57 euros applicable to the 30,881,767 newly issued ordinary shares subscribed in the qualified investor tranche and in the non-qualified investor tranche (excluding the employee and commercial sub-tranches) and a nominal value of 0.25 euro per share and a share premium of 4.09 euros applicable to the 264,950 newly issued ordinary shares subscribed in the employee and commercial sub-tranche. Consequently, the total nominal amount of the issue amounted to 7,786,679 euros and the share premium was increased by 142,213,321 euros. All the shares have been fully paid up.

In addition, the majority shareholder (Sefrán) exercised its right to sell or *green shoe the* shares it held by placing an additional 3,115 thousand shares in circulation on the market, equivalent to 3.41% of the total volume of shares of the Parent Company.

In relation to these capital increases, the Parent Company has recorded the incremental expenses associated with them with a credit to reserves, net of the tax effect, amounting to euro 8,086 thousand.

Following this transaction, the Parent Company's share capital at December 31, 2020 amounts to 22,847 thousand euros, represented by 91,387 thousand shares with a par value of 0.25 euros each, fully subscribed.

12.2 Reserves

As of December 31, 2020, and December 31, 2019, the composition of the "Reserves" item is as follows:

	Thousand euros	
	2020	2019
Other reserves	(8,160)	(74)
Negative results from previous years	(25)	-
Total reserves Parent company	**(8,185)**	**(74)**
Reserves in fully consolidated companies	1,261	(20)
Total consolidated reserves	**1,261**	**(20)**
Other shareholders contributions	**108**	**55**
Total reserves	**(6,816)**	**(39)**

Legal reserve

In accordance with the Corporations Law, an amount equal to 10% of the income for the year must be transferred to the legal reserve until the reserve reaches at least 20% of capital stock. The legal reserve may only be used to increase capital stock. Except for the aforementioned purpose, until the legal reserve exceeds 20% of capital stock, it may only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

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As of December 31, 2020, the Parent Company did not maintain the legal reserve fully constituted (same situation as of December 31, 2019).

Unavailable reserves

In accordance with current regulations, until the research and development expenses item has been fully amortized, the distribution of dividends is prohibited, unless the amount of available reserves is at least equal to the amount of the unamortized balances. Consequently, and coming from the subsidiary Soltec Energías Renovables, S.L.U., at the end of 2020 the balance of the heading "Reserves" was unavailable in the amount of 932 thousand euros (1,138 thousand euros as of December 31, 2019). Similarly, Soltec Innovations, S.L.U. maintains as unavailable all its reserves in the amount of 1,391 thousand euros (no amount in 2019 as it is in a negative equity position at the end of 2019).

During previous years, the subsidiary Soltec Energías Renovables, S.L.U. availed itself of the possibility provided for in Law 27/2014, of November 27, on corporate income tax, to reduce its taxable income by an amount of 10% of the increase in its shareholders' equity.

Due to the application of this measure, Soltec Energías Renovables, S.L.U. reduced its taxable income for 2018, 2017 and 2016 by 660 thousand euros, 326 thousand euros and 193 thousand euros, respectively. In accordance with the aforementioned regulations, this subsidiary maintains a reserve for capitalization of the amount of the reductions in taxable income made, which must be kept unavailable for a period of 5 years from the time of its allocation.

As a result of the increase in shareholders' equity in 2019, as well as the increase in shareholders' equity from previous years not applied to capitalization reserves, the sole director of Soltec Energías Renovables, S.L.U. set aside a capitalization reserve in the amount of 350 thousand euros, which has not been applied to corporate income tax for the year and which may reduce the taxable income for accounting purposes in the next year.

Similarly, the subsidiary Soltec Brasil Industria, Comercio e Serviços de Energías Renovaveis, LTDA. is considered a high technology company and is therefore exempt from value added tax (ICMS). This exemption, in accordance with local Brazilian regulations, is considered as a restricted reserve in the amount of 2,808 thousand euros in 2020 for a period of 10 years (same amount in 2019).

As of December 31, 2020, the subsidiaries hold unavailable reserves, considering among others the legal reserve and others not mentioned above, amounting to 6,904 thousand euros (5,125 thousand euros as of December 31, 2019).

12.3 Profit/loss attributed to the Parent Company

Contribution of Group companies to profit/loss attributable to the Parent Company

The contribution of each company in the scope of consolidation to the consolidated results for 2020 and 2019 attributable to the Parent Company is as follows:

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Entity	Thousand euros	
	2020	2019
Soltec Power Holdings, S.A.	(557)	(25)
Soltec Renewable Energy, S.L.U.	(17,108)	2,556
Powertis, S.A.U.	16,415	823
Soltec Energie Rinnovabili S.r.L.	(65)	(3)
Soltec America L.L.C.	1,657	(554)
Soltec Chile S.p.A.	(7)	368
Soltec Brasil Indústria, Comércio e Serviços de Energias Renovaveis LTDA	(1,030)	(925)
Soltec Energías Renovables, S.A.C.	(33)	(92)
Solar Trackers Soltec SA de CV	89	(1,671)
Soltec Australia, PTY LTD.	128	(64)
Soltec Argentina, S.R.L.	(182)	13
Soltec Innovations, S.L.	(13)	(27)
Soltec Trackers PVT LTD.	10	13
Soltec France, S.L.	372	2,172
Soltec Trackers Colombia SAS	(37)	16
SPVs – Spain	(1,226)	(997)
SPVs – Brazil	(2,468)	(233)
SPVs – Italy	(824)	(32)
Equity in income (loss) of companies accounted for by the equity method	(39)	-
	(4,918)	**1,338**

12.4 Translation differences

The composition of the heading "Translation differences" as of December 31, 2020 and December 31, 2019 is as follows:

	Thousand euros			
	2019	Increase	Decrease	2020
Industrial segment -				
Soltec America L.L.C	235	256	-	491
Soltec Chile S.p.A.	659	264	-	923
Soltec Brasil Industria, Comercio e Servicos de Energias Renovaveis LTDA (Soltec Brasil)	(560)	-	(6,852)	(7,412)
Soltec Energías Renovables, S.A.C.	3	-	(37)	(34)
Solar Trackers Soltec SA de CV	(56)	79	-	23
Soltec Trackers PVT LTD.	31	-	(130)	(99)
Soltec Australia, PTY LTD.	(1)	89	-	88
Soltec Trackers Colombia SAS	-	-	(20)	(20)
Development segment -				
PLCs acquired in a business combination	-	-	(6,508)	(6,508)
SPV's acquired	52	380	-	432
	363	**1,068**	**(13,547)**	**(12,116)**

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In addition to the impact resulting from the PLCs acquired in a business combination (see note 6), the main impact on the change in translation differences comes from Soltec Brazil, which as of December 31, 2020 and December 31, 2019 holds the following assets and liabilities by nature:

	Thousand euros	
	2020	2019
Assets -		
Stocks	4,500	7,639
Trade accounts receivable	14,042	22,493
Credits with public administrations [(1)]	8,370	11,339
Rest	4,970	6,259
Total assets	**31,882**	**47,730**
Liabilities -		
Suppliers	14,623	23,005
Rest	2,181	1,851
Total liabilities	**16,804**	**24,856**

[(1)] This item includes balances for deferred tax assets and long-term and short-term tax credits.

13 Guarantees and contingencies

13.1 Guarantees and commitment with third parties

Below is a breakdown of the Group's committed guarantees as of December 31, 2020 and December 31, 2019:

Endorsements	Thousand euros	
	2020	2019
Bank	28,365	30,205
Deposit	98,689	56,665
Guarantees granted to other related companies	5,533	5,533
	132,587	**92,403**

From the guarantees described in the table above, the industrial segment has received guarantees in the amount of 56,240 thousand euros at the end of 2020 (48,506 thousand euros as of December 31, 2019). These guarantees are contracted with banks and insurance companies to ensure compliance with obligations to customers during the process of installation, marketing and warranty of solar trackers.

In addition, the nominal amount of counter-guaranteed guarantee lines received by the development segment amounts to 78,430 thousand euros during 2020, of which 70,813 thousand euros are drawn down in the form of guarantees (63,600 thousand euros and 43,897 thousand euros respectively as of December 31, 2019). These guarantees are required by the various local authorities in the bidding process for hook-up rights. In this regard, the reference shareholders Sefrán and Valueteam act as guarantors vis-à-vis their third-party creditors in guarantees drawn down in the amount of 55,186 thousand euros at year-end 2020 (43,897 thousand euros as of December 31, 2019).

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The interest rate settled during 2020 was 1.55% for the guarantee facilities and 0.62% for the credit facilities (1.06% and 1.45% respectively for 2019), which resulted in the Group recording interest expense of 1,046 thousand euros for this item in 2020 (296 thousand euros in 2019) (see note 16.6).

The Parent Company's directors do not expect any additional liabilities to accrue to the Parent Company that could have a material effect on these consolidated financial statements.

13.2 Guarantees and other provisions

As of December 31, 2020, the Group has a series of guarantees for the obligations incurred in its commercial operations for the supply and installation of solar trackers. The expiration of these guarantees may vary depending on the characteristics of the solar tracker components. Thus, for electrical components there is a five-year warranty, while structural components have a ten-year warranty. In estimating the provision for warranties, the Group only considers the warranty for electrical components to the extent that possible structural damages arising from other materials are covered by insurance contracted with third parties, as well as by the counter-guarantee of the supplier that supplies these materials, and the collection of an amount not determined at the closing date is expected in the next fiscal year, for which reason the entire estimated expense for these projects has been recorded in the current fiscal year without any estimated income to be received in this respect.

At December 31, 2020, the Group recorded under "Non-current provisions" and "Current provisions" the estimated amounts of 2,367 thousand euros (181 thousand euros as of December 31, 2019) and 735 thousand euros (362 thousand euros as of December 31, 2019), respectively, corresponding to commitments for guarantees that it expects to meet as a result of contracts for the supply and installation of solar trackers.

Additionally, the Group has recorded in current provisions an amount of 1,382 thousand euros as of December 31, 2020 (232 thousand euros as of December 31, 2019) associated with the estimate made for repairs, replacements and exceptional works agreed with customers in facilities that as of December 31, 2019 are in progress. The variation in the year is specifically due to specific projects in which the Group has decided, for commercial reasons, to assume certain extra costs with strategic customers for reasons attributable to a third party, without being able to extrapolate this specific situation to other projects that the Group is carrying out.

The Parent Company' directors consider that, based on historical information, this liability reasonably reflects the expenses to be incurred in connection with the guarantees granted and repair agreements that have been agreed outside the framework of the supply contract initially signed with its customers.

13.3 Pledged assets

In relation to the carrying amount of pledged assets as of December 31, 2020 and 2019, a detailed table is shown below:

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Pledged assets	Thousand euros	
	2020	2019
Accounts receivable and other current assets		
Customers for sales and services rendered	15,791	43,819
Non-current financial assets	-	2,305
Current financial assets		
Other current financial assets	-	1,808
Cash and cash equivalents	67,340	25,721
	83,131	**73,653**

The financial institutions included in the syndicated facility described in Note 8 are entitled to the future flows of the projects, and therefore, taking into account the revenue pending to be invoiced at year-end amounting to 18,953 thousand euros, which will be additionally pledged at the time they are invoiced (43,943 thousand euros as of December 31, 2019) (see Note 16.1). There have been no relevant changes in relation to the conditions of the pledges with the novation of the syndicate agreement signed in February 2021 (see note 10.2.2).

14 Tax status

14.1 Current balances with public administrations

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

	Thousand euros			
	2020		2019	
	Receivable	Payable	Receivable	Payable
Tax Authorities				
VAT receivable	5,919	-	7,121	-
Creditor for withholdings	-	245	-	1,089
PIS/COFINS receivable (note 10.1.1.ii)	2,982	-	8,928	-
Foreign VAT receivable	1,637	-	1,096	-
Foreign VAT payable	-	503	-	1,727
Social security agencies	-	850	-	1,383
	10,538	**1,598**	**17,145**	**4,199**

The Parent Company's directors have assessed at year-end 2020 the recoverability of these tax receivables with its tax advisors and have concluded that all tax assessments have been properly made in accordance with the applicable legislation where the Group operates, and therefore it is fully entitled to a refund of these amounts.

As of December 31, 2020, and December 31, 2019, the amount of current tax assets and liabilities is broken down as follows:

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	Thousand euros			
	2020		2019	
	Receivable	Payable	Receivable	Payable
Current tax assets	1,717	-	1,241	-
Current tax liabilities	-	123	-	1,084
	1,717	**123**	**1,241**	**1,084**

14.2 Reconciliation of consolidated pre-tax profit/loss and income tax expense

The reconciliation between the consolidated accounting income before income taxes for 2020 and 2019, the taxable income and the income tax expense is as follows:

	Thousand euros	
	2020	2019
Consolidated profit/(loss) for the period	(4,928)	1,340
Income tax	(5,842)	(980)
Permanent differences:		
IPO expenses recorded against equity	(10,614)	-
Result from loss of control of SPVs	(7,376)	-
Change in fair value of sales accounted for by the equity method	(3,510)	-
Results of companies accounted for by the equity method	39	-
Other permanent differences	801	909
Negative consolidation differences	-	(2,608)
Temporary differences arising in the year:		
Provision for guarantees and other provisions	2,735	-
Differences in tax/accounting income in Mexico	(1,458)	-
Other temporary differences	335	(493)
Other temporary differences arising in prior years	101	-
Taxable income	**(29,717)**	**(1,832)**
Capitalized tax loss carryforwards	36,331	8,396
Tax loss carryforwards not capitalized	1,118	-
Taxable income	**7,732**	**6,564**
Tax rate (25%-30%)	**1,967**	**1,848**
Adjustments to current tax of prior years	252	(115)
Total current tax expense	**2,219**	**1,733**
Total deferred tax expense (income)	**(7,055)**	**(2,556)**
Adjustments to prior years' deferred income tax	(1,006)	(157)
Total tax expense / (income) recognized in the consolidated profit & loss account	**(5,842)**	**(980)**

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Since January 1, 2020, the Parent Company and certain subsidiaries are taxed under the Spanish corporate income tax return regime, and therefore the tax regime for groups of companies regulated in articles 55 and following of Law 27/2014, of November 27, on corporate income tax is applicable to them. It is therefore the Parent Company that records, where applicable, the tax group's debt with the tax authorities. As a counterpart, each of the companies included in the tax return regime will record the corresponding account receivable or payable with the rest of the companies included in the tax group for corporate income tax based on the taxable income contributed by each company to the taxable income and the share of each of them in the net balance in the event that tax payable results.

The tax rate used in the above reconciliation is the Group's effective rate for each year, being 25% in 2020 (28% in 2019). The Group has generated tax loss carryforwards in the current year amounting to 36,331 thousand euros of which 28,973 thousand euros have been capitalized, corresponding to losses generated by certain subsidiaries (8,396 thousand as of December 31, 2019) and has offset losses amounting to 7,358 thousand euros from the positive taxable income generated by a subsidiary within the Spanish tax consolidation.

Under current legislation, taxes cannot be considered definitive until the returns filed have been inspected by the tax authorities or the statute of limitations period of five years has elapsed for corporate income tax and the last four years for other applicable taxes.

14.3 Deferred tax assets

The changes during the year 2020 in the heading "Deferred tax assets" are as follows:

Fiscal year 2020

	Thousand euros					
	Initial balance 2020	Additions	Disposals	Disposal resulting in change in the scope of consolidation	Exchange rate differences	Final balance 2020
Provision for guarantees	183	684	-	-	-	867
R&D deductions	48	1,487	-	-	-	1,535
Other deferred tax assets	859	100	(22)	-	-	937
Credits for losses to be offset	3,249	8,233	(598)	(80)	(355)	10,449
Total	**4,339**	**10,504**	**(620)**	**(80)**	**(355)**	**13,788**

Fiscal year 2019

	Thousand euros				
	Initial balance 2019	Additions	Disposals	Exchange rate differences	Final balance 2019
Provision for guarantees	11	183	(11)	-	183
R&D deductions	-	48	-	-	48
Other deferred tax assets	446	522	(109)	-	859
Credits for losses to be offset	1,063	2,186	-	-	3,249
	1,520	**2,939**	**(120)**	**-**	**4,339**

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Likewise, the movement during the year 2020 of the credits for losses to be offset is as follows:

	Thousand euros					
	Initial balance 2020	Additions	Disposals	Disposal resulting in the scope of consolidation	Exchange rate differences	Final balance 2020
Tax consolidation Soltec Power Holdings	-	6,395	-	-	-	6,395
Soltec Innovation	54	-	-	-	-	54
Soltec Chile	611	-	(105)	-	(56)	450
Soltec Brazil	1,476	567	-	-	(184)	1,859
Soltec America	237	496	-	-	(20)	713
Powertis SA	493	-	(493)	-	-	-
Spanish SPV's	80	-	-	(80)	-	-
SPV's Brazil	287	536	-	-	(95)	728
Other	11	239	-	-	-	250
	3,249	**8,233**	**(598)**	**(80)**	**(355)**	**10,449**

The directors have considered the capitalization of 1,487 thousand euros corresponding to research and development deductions, since they have obtained a report from a company approved by the public administration that supports such capitalization. The Parent Company's directors expect to recover this capitalized amount either by obtaining positive results before taxes or by selling these deductions to third parties.

On the other hand, during the fiscal year 2019, the Group proceeded to the activation of tax loss carryforwards generated during the fiscal year in the amount of 1,734 thousand euros. Likewise, it proceeded to capitalize Soltec Chile's tax loss carryforwards generated in previous years in the amount of 452 thousand euros.

As regards the assessment of the recoverability of the loss carryforwards capitalized by the Group, the Parent Company's directors have performed the corresponding impairment test. In this regard, according to the estimates and projections available to them, the taxable tax base forecasts in each of the jurisdictions in which they are capitalized, including the Spanish tax consolidation, allow these tax loss carryforwards to be offset in a reasonable period of time, in all cases, less than ten years.

Specifically, the calculation performed for the evaluation of the time horizon for offsetting the tax loss carryforwards of the consolidated tax group in Spain capitalized by the Group has been carried out through financial projections of the legal entities included in the Spanish consolidated tax group. These projections are established for the next six fiscal years, considering a constant taxable tax base as of the last period. In this regard, the key assumptions of these projections are based on the evolution of future net revenues (backlog and pipeline) of the industrial segment (in this regard, the revenues of the development segment from the sale of SPVs have been excluded as they are not expected to be taxable for tax purposes), gross margin, structural costs and the effect of the Group's tax transfer pricing policy established on the basis of the historical experience of the directors and the forecasts of independent experts on market growth, which are summarized as follows:

- Average annual sales growth rate of 22% according to the backlog and pipeline with high execution probabilities for fiscal year 2021 and within the sector's growth expectations;

- Evolution of the constant gross margin for installation and EPC services, average annual decrease of 0.5 percentage points in the margin for the supply of solar trackers;

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- Average annualized growth in structural costs of 2% for the entire forecast period; and,

- Effect of the constant transfer pricing policy throughout the period, based on the estimate included in the 2021 budget.

The recoverability of the tax loss carryforwards capitalized by the other subsidiaries has been assessed on the basis of the backlog and pipeline with a very high probability of signature, which also allow the generation of sufficient future profits to offset these tax loss carryforwards capitalized by each subsidiary in a period of less than 10 years. The compensation of the above tax losses depends on the particular conditions stipulated in the local legislation of the country where they originate, and there is no time limit for their compensation.

In this context, and in the opinion of the Parent Company's directors, any reasonable change in the key assumptions used to determine the recoverability of the tax loss carryforwards would not result in the carrying amount of the asset exceeding the recoverable amount.

In any case, in the opinion of the Parent Company's directors, the assessments of the recoverability of taxable income have been made from a prudent and conservative approach and no indications of non-recoverability have emerged in the sensitivity tests performed on the projections.

In short, the deferred tax assets indicated above have been recorded because the Group considers that, based on the best estimate of its future results, including certain tax planning actions, it is probable that these assets will be recovered.

14.4 Deferred tax liabilities

The movement during the years 2020 and 2019 in the heading "Deferred tax liabilities" is as follows:

Fiscal year 2020

	Thousand euros					
	Initial balance	Additions	Reversion	Exchange rate differences (Note 6)	Transfers (Note 5.6)	Final balance
Lease liabilities	25	-	(1)	-	-	24
Unrestricted amortization	5	173	(30)	-	-	148
Other differences in tax revenues	-	364	-	-	-	364
Intangible assets identified	8,043	-	(169)	(2,169)	(4,646)	1,059
	8,073	**537**	**(200)**	**(2,169)**	**(4,646)**	**1,595**

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Fiscal year 2019

	Thousand euros			
	Initial balance	Additions	Reversion	Final balance
Lease liabilities	17	8	-	25
Unrestricted amortization	27	-	(22)	5
Intangible assets identified	-	8,043	-	8,043
	44	**8,051**	**(22)**	**8,073**

14.5 Fiscal years pending verification and inspection activities

Under current legislation, taxes cannot be considered definitively settled until the returns filed have been inspected by the tax authorities or the four-year statute of limitations period has elapsed, except for corporate income tax. As of December 31, 2020, the Group has the last four years open for inspection for corporate income tax in Brazil and Mexico and the last five years for the rest of the Group, as well as the last four years for the other taxes applicable to the Group.

It should also be noted that as a result of the tax measures adopted during the State of Alarm decreed on March 14, 2020 in Spain on the occasion of COVID-19, the statute of limitations and expiration periods of these inspection actions were interrupted, considering it as a "non-computable" period, so that the aforementioned periods have been increased by 78 days for the days elapsed between March 14, 2020 and May 30, 2020.

As of the date of preparation of these consolidated financial statements, the subsidiary Soltec Energías Renovables, S.L.U. is under a second request due to the inspection report for income tax and VAT for the years 2017 and 2018. According to the assessment made by the Parent Company's directors, it is not expected that the conclusion of the inspection report will have a relevant impact on the Group.

The Group has uncapitalized tax loss carryforwards associated with the negative results accumulated in recent years in the subsidiaries located in France, Peru, Italy and Argentina, the amount of which, valued at the closing exchange rate, would have resulted in a total accumulated deferred tax asset of 1,118 thousand euros for the as of December 31, 2020 (1,240 thousand euros as of December 31, 2019). The offsetting of the above tax losses depends on the particular conditions stipulated in the local legislation of the country in which they arise.

The Parent Company's directors consider that the Group has adequately settled the aforementioned taxes and, therefore, even in the event that discrepancies arise in the interpretation of current legislation due to the tax treatment granted to the transactions, any resulting liabilities, should they materialize, would not have a significant effect on these consolidated financial statements.

15 Related parties

15.1 Related party transactions

Details of related party transactions during 2020 and 2019 are as follows:

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	Thousand euros			
	31/12/2020		31/12/2019	
	Reference shareholder(*)	Other related parties	Majority shareholder	Other related parties
Net sales	-	151	-	288
Services provided	-	77	-	80
Services received	(1)	(1.382)	(10)	(1.768)
Personnel expenses	-	(53)	-	(105)
Financial expenses	(1.201)	(752)	(534)	(361)
Financing received during the year	2.650	-	2.019	438
Financing repaid during the year	(5.716)	(551)	(20)	(553)

(*) Refers to Grupo Corporativo Sefrán, S.L. which, as a result of the IPO described in note 12.1 above, is no longer the majority shareholder.

The amount of the "Services received" item includes, among others, the expense recorded as a result of logistics and sales transportation services provided by the Morarte Logistics Group, related to Grupo Corporativo Sefrán.

The amount of the "Financial expenses" item arises mainly from the accrual of interest on loans held with reference shareholders and other related parties, the consideration accrued for guarantees and counter-guarantees received, as well as financial expenses associated with office and warehouse lease agreements held with related parties.

15.2 Balances with related parties

The detail of the balance as of December 31, 2020 and December 31, 2019 with related parties is as follows:

December 31, 2020

	Thousand euros	
	Reference shareholder (*)	Other related parties
Accounts receivable and other current assets	-	118
Long-term shareholder loans (Note 10.2.1)	(846)	(358)
Other non-current financial liabilities	-	(9,781)
Other current financial liabilities	-	(683)
Trade and other payables	-	(118)

(*) Refers to Grupo Corporativo Sefrán, S.L. which, as a result of the IPO described in Note 12.1 above, is no longer the majority shareholder.

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December 31, 2019

	Thousand euros	
	Majority shareholder	Other related parties
Non-current assets	-	118
Accounts receivable and other current assets	-	172
Current financial assets	-	25
Long-term shareholder loans (note 10.2.1)	(3,439)	(852)
Other non-current financial liabilities	-	(4,228)
Other current financial liabilities	-	(584)
Trade and other payables	(220)	(262)

The Group has recorded in the heading "Other non-current financial liabilities" and "Other current financial liabilities", mainly the amounts corresponding to the account payable as a result of the lease agreements with the companies related to the reference shareholder, corresponding to the lease of certain buildings located in Spain where the industrial segment carries out part of its activities (see Note 8).

The amounts under "Long-term shareholder loans" refer to contributions from Sefrán and Valueteam for the development segment of the Group's projects (see Note 10.2.1). In addition, Sefrán and Valueteam have provided counter-guarantees for the guarantees given by the development segment to Powertis, S.A.U. (see note 13.1) and for the loans obtained by Powertis, S.A.U. (see Note 10.2.2.2). (see Note 10.2.2).

During the year 2020 Powertis, S.A.U. has paid the balance owed by its CEO to the shareholders Sefrán and Valueteam for a nominal amount of 100 thousand euros. This amount was used for the initial subscription of the share capital of Powertis, S.A.U. at the time of its incorporation and accrued as a personnel expense during the 2-year period. This loan accrued a market interest rate.

15.3 Remuneration and other benefits to the former sole director and directors of the Parent Company and the Group's senior management

During the 2020 fiscal year, there has been a change in the Parent Company's administrative body to a board of directors composed of seven members (3 women and 4 men) of which the former sole director is a member and of which the chairman of the board has performed the duties of chief executive officer.

During 2020 and 2019 the directors and senior management of the Parent Company have accrued the following monetary income (includes both incomes paid by the Parent Company and by any other subsidiary):

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	Thousand euros (*)	
	2020	2019
Remuneration for belonging to the Board and/or Board Committees	76	-
Salaries (**)	721	180
Variable cash compensation	-	-
Share-based compensation	-	-
Indemnifications	-	-
Other concepts	-	-
	850	**180**

(*) In fiscal year 2020, all *Chief Executive Officers* and general managers of the industrial and development segment are considered senior management (in fiscal year 2019, the sole director was considered senior management).
(**) Includes the salary of the Chief Executive Officer of the Parent Company who is also a member of the Board of Directors.

In addition, they have not accrued amounts classified as income in kind for their work as senior management or directors in addition to those indicated above in any of the periods.

There have been no severance payments for termination or dismissal of senior management or directors during 2020 or 2019. No advances or loans have been granted to the former sole director or current directors of the Parent Company in 2020 or 2019.

The Group has not assumed any obligation on behalf of the former sole director of the Parent Company or current directors. Likewise, as of December 31, 2020, the Group has not assumed any pension or life insurance premium obligations with respect to the former sole director of the Parent Company or current directors (same situation in the fiscal year 2019).

The total amount accrued as an expense for the year for the civil liability insurance premium of the current directors, as well as, of the former sole director of the Parent Company for damages caused by their acts or omissions amounts in 2020 to 27 thousand euros (10 thousand euros as of December 31, 2019).

15.4 Information regarding conflict of interest situations on the part of the directors and the former sole director of the parent company

In relation to the provisions of Article 229 of the Consolidated Text of the Spanish Companies Act, the former sole director and the current directors consider that during the fiscal year 2020 and up to the date of preparation of these consolidated financial statements, both they and the individuals or legal entities related to them, as defined in Article 231 of the aforementioned legal text, have not been involved in situations of conflict of interest as set forth in the aforementioned Article 229.

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16 Revenues and expenses

16.1 Revenue from ordinary activities from contracts with customers

The Group derives its revenue from contracts with customers, for the most part, over time in the following activities of selling products and providing services. This is consistent with the revenue information disclosed in Note 4. Details of revenue from ordinary activities during 2020 and 2019 are as follows:

	Thousand euros	
	2020	2019
Supply of trackers	209,616	318,719
Installation services	22,703	34,326
Operation and maintenance services	2,695	2,851
Others	632	916
	235,646	**356,812**

Revenues in currencies other than the euro are disclosed in Note 3.4.2 above.

The transaction price allocated to (partially) unsatisfied performance obligations (contracts in progress and which will therefore be recognized as revenue during the following year) is detailed below:

	Thousand euros	
	2020	2019
Supply of trackers	20,430	41,573
Installation services	12,116	15,022
EPC Services	4,353	-
	36,899	**56,595**

Contractual assets

In the event that the amount of the production at origin of each of the installation services rendered is greater than the amount invoiced, the difference between the two items is recognized as a contractual asset.

At year-end 2020, the Group has contractual asset balances (revenues pending invoicing) amounting to 18,953 thousand euros (43,943 thousand euros at year-end 2019). At the date of preparation of these consolidated financial statements, this amount was invoiced in 10,172 thousand euros (amount totally invoiced at year-end 2019).

16.2 Supplies

The balance of the "Supplies" heading in the accompanying consolidated profit & loss account in 2020 and 2019 is as follows:

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	Thousand euros	
	2020	2019
Purchases of goods	159,389	254,838
Variation of inventories	4,208	(9,820)
Work performed for other companies	16,810	15,661
Allowance for impairment of inventories (Note 11)	566	-
	180,973	**260,679**

The distribution of merchandise purchases in fiscal year 2020 and 2019 distributed by geographic area is as follows:

	Thousand euros	
	2020	2019
Spain and Portugal	72,284	99,370
China	45,588	77,133
Korea	22,689	29,957
Brazil	10,650	23,039
Australia	337	4,009
Others (*)	7,841	21,330
	159,389	**254,838**

(*) Others: Germany, Taiwan, France, Hong Kong, Mexico, Austria, Israel, United States of America, Finland, Italy, Czech Republic and Tunisia.

16.3 Other operating income

The balance of "Other operating income" heading in the accompanying consolidated profit & loss account for the year 2020 and 2019 is as follows:

	2020	2019
Operating subsidies	1,647	404
Miscellaneous services	936	1,341
Others	15	17
	2,598	**1,762**

The balance of "Miscellaneous services" and "Others" mainly includes the amount billed to third parties for services related to the maintenance, repair and upkeep of solar farm facilities owned by third parties, services billed to related parties for advisory services.

Additionally, the amount of the "Operating subsidies" account includes operating income related to the tax deductibility of R&D activities that reduce the income tax payable, as well as operating subsidies granted by public agencies or independent third parties (see Note 14).

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16.4 Payroll taxes

The heading "Personnel expenses" in the accompanying consolidated profit & loss account for 2020 and 2019 includes expenses for wages and salaries and social security costs. The latter mainly correspond to social security expenses payable , as shown below:

	Thousand euros	
	2020	2019
Wages and salaries	28,181	24,151
Payroll taxes:		
Social Security	8,035	7,809
Other social charges	213	349
	36,429	**32,309**

The accrued amount of personnel expense resulting from share-based payments to employees during the fiscal year 2020 amounts to 53 thousand euros (55 thousand euros as of December 31, 2019).

16.5 Other operating expenses

The composition of "Other operating expenses" heading in the accompanying consolidated profit & loss account for the year 2020 and 2019 is as follows:

	Thousand euros	
	2020	2019
Operating expenses-		
Leases and fees	5,688	5,012
Repairs and maintenance	1,322	1,314
Independent professional services	8,387	8,186
Transport	15,489	21,357
Insurance premiums	1,925	1,585
Bank services and similar items	894	843
Advertising and publicity	1,162	1,588
Supplies	1,181	1,055
Other services	4,484	4,271
Tributes	*1,006*	*1,388*
Losses, impairment and changes in provisions for commercial operations	*4,253*	*3,151*
Other current management expenses	*92*	-
	45,883	**49,750**

The amount included in the item "Leases and fees" corresponds essentially to the lease expense recorded as a result of lease contracts that are excluded from the accounting for the lessee established in IFRS 16 due to their short duration (term of less than 12 months) or because the underlying asset is of low value; these are mainly short-term leases of the machinery necessary for the provision of installation services and vehicles. Similarly, this item includes variable rental payments that do not depend on an index or rate and are not included in the measurement of lease liabilities and right-of-use assets.

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The amount included under "Independent professional services" relates mainly to expenses incurred for technical assistance on projects executed. The amount included under "Transport" relates mainly to expenses incurred in transporting inventories to their destination.

The amount included under "Other services" relates mainly to travel and subsistence expenses incurred by the Group's expatriate personnel in the execution of the various international projects carried out by the Group.

At year-end 2020, the amount of the item "Losses, impairment and changes in provisions for commercial operations" relates mainly to the provision for impairment losses on receivables (see note 10.1.2) in the amount of 544 thousand euros (2,420 thousand euros as of December 31, 2019) and additionally to the provision for warranties and repairs (see note 13.2) in the amount of 3,709 thousand euros (731 thousand euros as of December 31, 2019).

16.6 Financial profit/loss

The composition of the headings "Financial expenses" and "Change in the fair value of financial instruments " in the accompanying consolidated profit & loss account for the year 2020 and 2019 is as follows:

	Thousand euros	
	2020	2019
Income from reduction of liabilities from purchase of SPVs	6,434	-
Other financial income	116	149
Total financial revenue	**6,550**	**149**
Interest on syndicated credit facility	(2,522)	(2,485)
Interest on guarantees	(1,046)	(296)
Other financial expenses	(2,844)	(2,440)
Total financial expenses	**(6,412)**	**(5,221)**
Revaluation of investments accounted for by the equity method (Note 5.5)	3,510	-
Change in fair value of derivatives at year-end (Note 10.3)	4,149	(3,577)
Changes in fair value of settled derivatives (Note 10.3)	2,629	(1,817)
Total change in the fair value of financial instruments	**10,288**	**(5,394)**

The financial income accrued during the period corresponds mainly to the impact on income of the reduction of the deferred payment liability for the purchase of SPVs agreed with Solatio (see Notes 5.6 and 10.2.1).

The item "Other financial expenses" includes interest on lease liabilities in the amount of 667 thousand euros (447 thousand euros as of December 31, 2019, see Note 8). In addition, this item includes finance costs accrued as a result of the advance on trade receivables through *confirming* offered by customers in the amount of 162 thousand euros (462 thousand euros as of December 31, 2019), as well as finance costs payable to the Group's majority shareholders, Sefrán and Valueteam, as consideration for the loans granted (see Note 10.2.1.iii). The finance costs payable to these shareholders in consideration for the guarantees provided by them in relation to the guarantee contracts and credit lines held by Powertis, S.A.U. with its financial creditors are recorded in the line "Interest on guarantees" (see Note 13.1).

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The amounts recorded under "Changes in the fair value of financial instruments" relate to the revaluation of the investments in companies over which control is lost and which are accounted for by the equity method (see Note 5.5) and the valuation of derivative financial instruments contracted by the Group (see Note 10.3).

17 Other information

17.1 Staff

The average number of personnel employed during the fiscal year 2020 and 2019 distributed by category was as follows:

	Average number of personnel	
	2020	2019
Department Director	29	65
Foreman	221	150
Technician	241	225
Administrative	77	101
Operator	552	832
Total	**1,120**	**1,373**

The distribution by gender at the end of fiscal years 2020 and 2019, broken down by category, is as follows:

	Personnel at closing					
	December 31, 2020			December 31, 2019		
	Men	Women	Total	Men	Women	Total
Department Director	22	6	28	52	22	74
Foreman	218	60	278	149	22	171
Technician	238	46	284	220	49	269
Administrative	49	78	127	66	74	140
Operator	446	44	490	895	80	975
Total	**973**	**234**	**1,207**	**1,382**	**247**	**1,629**

The number of people employed by the Group at the end of the fiscal year 2020, with a disability of 33% or more, is 11 employees (18 employees in the fiscal year 2019).

17.2 Share-based compensation

On October 14, 2020, an agreement was entered into whereby Powertis, S.A.U. undertakes to grant the CEO of Powertis, S.A.U. a number of shares of the Parent Company equivalent to 1% pre-money of the Parent Company as of the date of the agreement upon the effective fulfillment of certain requirements.

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This agreement is a substitution amending the agreement signed on September 28, 2018 whereby the CEO was granted the right to purchase 5% of shares on Powertis following the fulfillment of service obligations for 2 years and which was valued at 215 thousand euros. Since this was remuneration that would be paid in shares, it was accrued in full against the "Reserves" line item with a personnel expense of 53 thousand euros having been recorded during the fiscal year 2020 (55 thousand euros during the fiscal year 2019).

As this is a modification between two equity-settled share-based payment plans, its valuation is limited to the incremental fair value of the transaction at the time of the agreement. For this purpose, the Group has determined as of October 2020 the fair value of 5% of Powertis, S.A.U. and 1% pre-money of Soltec Power Holdings, S.A. based on analysts' and market valuations, valuing both at very similar amounts. Therefore, in the opinion of the Parent Company's directors, the incremental fair value of the modification to be recorded is not significant and has not been recorded as it does not affect the true and fair view of these consolidated financial statements.

At the date of preparation of these consolidated financial statements, the directors consider that all the requirements of the new share plan for vesting will be effectively met.

Likewise, it has been agreed to approve a long-term incentive plan aimed at a maximum of 36 individuals, including the management of Soltec Power Holdings, S.A. and certain employees of the Group's companies. The purpose of this plan is to motivate and reward certain employees and senior managers appointed by the Parent Company's directors, enabling them to form part of the Group's long-term value creation.

In this regard, the plan consists of the delivery to such employees of a number of shares to be determined by the board of directors. The main features of the plan are as follows:

- Effective January 1, 2021;
- Plan shares will vest at the end of the following periods:
    - First accrual period: January 1, 2021 to January 2, 2023; and,
    - Second accrual period: January 3, 2023 to January 4, 2025;
- The shares will vest upon the fulfillment, at the expiration of each vesting period, of the following conditions:
    - Necessary condition of permanence in the participant's employment;
    - Performance conditions. The number of shares to be delivered to each participant will be determined based on the performance of each participant, as well as the gradual achievement of certain Group performance ratios associated with the *Shareholder Rate of Return*, *EBITDA* and *Free Cash Flow.*

      These performance ratios will be calculated over the period from January 1 to December 31 of each of the accrual periods.
- Delivery of the shares will occur at the end of the deferral period of 365 days after the end of each vesting period.

In accordance with IFRS 2 "Share-based payments", this incentive plan will be considered an equity-settled plan and therefore its recording will affect the "Personnel expenses" item with a balancing entry in the Group's equity.

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The employees affected by the plan have accepted the conditions and terms of the plan during the month of January 2021, and therefore the directors have considered it appropriate not to record any amount as of December 31, 2020, since the acceptance of the plan and consequently its accrual had not yet taken place.

The directors, based on the work performed by an independent expert, have estimated that the fair value of the plan at December 31, 2020 amounts to 12,346 thousand euros. This valuation has been made on the basis of the assumptions made by the Company's directors whereby it is expected that there will be no departures among the employees benefiting from the plan and that all employees will achieve the required qualification and rate of compliance with the objectives. Likewise, the valuation has taken into account the estimate of the degree of achievement of the Group's performance based on the Group's financial projections and objectives, the estimate of the price per share based on the binomial model and Brownian movement (widely used in financial practice), the discount periods based on the accrual periods and a risk-free rate weighted by sales in each country of the Group.

17.3 Audit fees

During fiscal years 2020 and 2019, the amounts for fees charged related to account auditing services and other services rendered by the auditor of the Group's consolidated financial statements, Deloitte, S.L., and by companies belonging to the Deloitte network, were as follows:

Description	Thousand euros	
	2020	2019
Audit services	587	392
Auditing services - Other firms linked to the Deloitte network	260	255
Tax advisory services	8	21
Other verification services	342	28
Other services	8	240
Total	**1,205**	**936**

17.4 Information on average supplier payment period

The information required by the Third Additional Provision of Law 15/2010, of July 5 (amended by the Second Final Provision of Law 31/2014, of December 3) prepared in accordance with the ICAC Resolution of January 29, 2016, on the information to be included in the notes to the financial statements in relation to the average period of payment to suppliers in commercial transactions of companies resident in Spain, is detailed below for the years 2020 and 2019.

	Days	
	2020	2019
Average supplier payment period	60	44
Paid operations ratio	59	37
Ratio of transactions pending payment	69	61

	Thousand euros

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	2020	2019
Total payments made	290,982	214,759
Total outstanding payments	29,758	79,946

In accordance with the ICAC Resolution, for the calculation of the average supplier payment period in these consolidated financial statements, commercial transactions relating to the delivery of goods or services have been considered exclusively with respect to fully consolidated companies based in Spain.

For the sole purpose of providing the information set forth in this Resolution, suppliers are trade creditors for debts with suppliers of goods or services, included in the "Suppliers" and "Other creditors" items of current liabilities in the consolidated statement of financial position.

Average supplier payment period" means the period elapsing between the delivery of the goods or the rendering of the services by the supplier and the material payment of the transaction.

The maximum legal payment term applicable to Spanish companies, in accordance with Law 11/2013 of July 26 establishing measures to combat late payment in commercial transactions, is 30 days unless there is an agreement between the parties with a maximum term of 60 days.

18 Profit/loss per share

Basic earnings per share is calculated by dividing the profit attributable to the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held during the year, if any. In addition, as a result of the 4-for-1 *stock split* carried out in October 2020 (see Note 12), the weighted average number is modified retrospectively in accordance with the standard to show comparative information.

As of December 31, 2020, and December 31, 2019, basic earnings per share were as follows:

	2020	2019
Income for the year attributable to the Parent Company (Thousand euros)	(4,918)	1,338
Weighted average number of common shares (Note 12.1)	65,786,676	60,240,000
Basic earnings / (loss) per share (euros)	**(0,075)**	**0,022**

At December 31, 2020, diluted earnings per share match basic earnings per share (same situation at December 31, 2019).

19 Subsequent events

There have been no significant subsequent events, from December 31, 2020 to the date of formulation of these consolidated financial statements, which have not been appropriately disclosed in the preceding notes, among which the following are noteworthy:

a. The sale of Block A of LEO SILVEIRA at January 21, 2021, which resulted in the collection of 8,622 thousand euros at the exchange rate of December 31, 2020 (see Note 5.6).

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b. The novation of the debt agreement entered into on February 11, 2021, the main features of which are described in Note 10.2.2.i.

In addition, in March 2021, the Group signed a contract with a third-party customer for the supply of solar trackers for an 852 MW project in Brazil, with delivery scheduled for 2021.

Likewise, on March 2, 2020, the subsidiary Powertis, S.A.U. has materialized the sale of 65% of an SPV corresponding to a solar photovoltaic project in Spain of 95 Mw. This transaction has resulted in a cash inflow of 1,902 thousand euros at the date of preparation of these consolidated financial statements.

Finally, it is important to stand out that during 2021 the Parent company has purchased 393,000 own shares up to the date of formulation of the financial statements amounting to 3,611 thousand euro.

Appendix I - Subsidiaries included in the scope of consolidation (information in thousand euros)

December 31, 2020 [1]

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
Soltec Energías Renovables, S.L.U.	C/ Gabriel Campillo S/n P.i. La Serreta 30500 - Molina De Segura - Murcia (Spain)	Sale of solar trackers and their installation and maintenance in those cases in which the customer requires it.	Soltec Power Holdings,S.A.	100%	-	1,101	81,460	(17,104)	65,457	Euros
Powertis, S.A.U.	C/ Príncipe De Vergara 43 - 6th Floor - Madrid (Spain)	The promotion and execution of projects of electric energy production facilities using photovoltaic solar energy, purchase and sale, transfer and/or acquisition for its own account of shares and/or participations in entities of all kinds, whether or not they have legal personality	Soltec Power Holdings,S.A.	100%	-	5,600	56,400	10,162	72,162	Euros
Soltec Energie Rinnovabili S.r.L.	Viale A. Gramsci, 20. Firenze (Italy)	Commercialization and management of renewable energy equipment based on supply and installation works.	Soltec Energías Renovables, S.L.U.	-	100.00%	10	81	(65)	26	Euros

[1] In the case of subsidiaries with a functional currency other than the euro, the information has been translated into euros using the accounting principles for the translation of financial statements in foreign currencies.

[2] Retained earnings" includes the aggregate impact of the items "Shareholder contributions", "Prior years' losses", "Profit for the year" and "Adjustments for changes in value".

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
Soltec America L.L.C.	3050 Osgood Court. Fremont (California - United States)	Commercialization and management of renewable energy equipment based on supply, installation and maintenance works.	Soltec Energías Renovables, S.L.U.	-	100.00%	3	-	(2,666)	(2,663)	U,S, dollar
Soltec Chile S.p.A.	Av. Bosque Norte 0134 7th Floor. Comuna de las Condes (Santiago de Chile - Chile)	Commercialization and management of renewable energy equipment based on supply, installation and maintenance works.	Soltec Energías Renovables, S.L.U.	-	100.00%	3,881	992	(2,661)	2,212	Chilean peso
Soltec Brasil Industria, Comercio e Servicos de Energías Renovaveis LTDA (Soltec Brasil)	Rua Dr. Barreto, 483, Lauro de Freitas, Bahia State (Brazil)	Commercialization and management of renewable energy equipment based on supply, installation and maintenance works.	Soltec Energías Renovables, S.L.U.	-	100.00%	20,220	4,299	(9,441)	15,078	Brazilian real
Soltec Energías Renovables, S.A.C.	Avenida República de Panamá Nº 3576, Lima (Peru)	Commercialization and management of renewable energy equipment based on supply, installation and maintenance works.	Soltec Energías Renovables, S.L.U.	-	99.67%	250	-	(160)	90	Sol
Solar Trackers Soltec SA de CV	Oxford 30. Juarez (Mexico)	Commercialization and management of renewable energy equipment based on supply, installation and maintenance works.	Soltec Energías Renovables, S.L.U.	-	100.00%	3	1,459	(1,942)	(480)	Mexican peso
Soltec Australia, PTY LTD.	300 Barangaroo Avenue, Level 24, Three International Towers, Barangaroo NSW 2000 (Australia)	Marketing and management of renewable energy equipment.	Soltec Energías Renovables, S.L.U.	-	100.00%	1	17	152	170	Australian dollar

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
Soltec Argentina, S.R.L.	Avenida del Libertador 498, 3rd Floor, 1001. Autonomous City of Buenos Aires (Argentina)	Marketing and management of renewable energy equipment.	Soltec Energías Renovables, S.L.U.	-	95.00%	2	22	(195)	(171)	Argentine peso
Soltec Innovations, S.L.U.	C/ Gabriel Campillo, s/n Polígono Industrial La Serreta, Molina de Segura (Spain)	Technical engineering services and activities related to technical advice.	Soltec Energías Renovables, S.L.U.	-	100.00%	3	(109)	1,487	1,381	Euro
Soltec Trackers PVT LTD.	303, 3rd Floor, Tower 1 DLF Corporate Park, DLF Phase - 3, Gurgaon, Haryana 122002 (India)	Commercialization and management of renewable energy equipment based on supply and installation works.	Soltec Energías Renovables, S.L.U.	-	100.00%	479	30	(86)	423	Indian Rupee
Soltec France, S.L.	6, place de la madeleine, 75008, Paris (France)	Marketing and management of renewable energy equipment.	Soltec Energías Renovables, S.L.U.	-	100.00%	3	2,172	372	2,547	Euro
Soltec Trackers Colombia SAS	Calle 93 B, NO 19-35 Office 201, Bogotá (Colombia)	Marketing and management of renewable energy equipment.	Soltec Energías Renovables, S.L.U.	-	100.00%	122	-	-	122	Colombian peso
Soltec Commercial Consulting (Shanghai) Co. Ltd	Room 606, No. 118 Pudong South Road, Shanghai (China)	Marketing and management of renewable energy equipment.	Soltec Energías Renovables, S.L.U.	-	100.00%	122	-	-	122	Yuan

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
AMBER SOLAR POWER SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	-	2	5	Euro
AMBER SOLAR POWER DOS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	-	49	52	Euro
AMBER SOLAR POWER SEIS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	-	2	5	Euro
AMBER SOLAR POWER SIETE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	-	-	3	Euro
AMBER SOLAR POWER OCHO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	-	2	5	Euro
AMBER SOLAR POWER ONCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	22	24	Euro
AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	5	7	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
AMBER SOLAR POWER TRECE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	21	23	Euro
AMBER SOLAR POWER CATORCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	9	11	Euro
AMBER SOLAR POWER DIECISIETE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	-	28	31	Euro
AMBER SOLAR POWER DIECIOCHO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	-	6	9	Euro
AMBER SOLAR POWER DIECINUEVE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	-	3	6	Euro
AMBER SOLAR POWER VEINTE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	-	8	11	Euro
AMBER SOLAR POWER VEINTIUNO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	51.00%	3	-	(2)	1	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
AMBER SOLAR POWER VEINTIDOS, SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	-	-	3	Euro
AMBER SOLAR POWER VEINTITRES SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	4	6	Euro
AMBER SOLAR POWER VEINTICUATRO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	-	2	Euro
AMBER SOLAR POWER VEINTICINCO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	9	11	Euro
AMBER SOLAR POWER VEINTISEIS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	12	14	Euro
AMBER SOLAR POWER VEINTISIETE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	-	1	4	Euro
AMBER SOLAR POWER VEINTIOCHO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	-	1	4	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
AMBER SOLAR POWER VEINTINUEVE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	-	35	38	Euro
AMBER SOLAR POWER TREINTA SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	6	8	Euro
AMBER SOLAR POWER TREINTA Y UNO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	-	2	Euro
AMBER SOLAR POWER TREINTA Y DOS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	3	5	Euro
AMBER SOLAR POWER TREINTA Y TRES SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	3	5	Euro
AMBER SOLAR POWER TREINTA Y CUATRO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	-	2	Euro
AMBER SOLAR POWER TREINTA Y CINCO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	-	2	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
AMBER SOLAR POWER TREINTA Y SEIS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	-	2	Euro
AMBER SOLAR POWER TREINTA Y SIETE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	-	2	Euro
AMBER SOLAR POWER TREINTA Y OCHO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	-	2	Euro
AMBER SOLAR POWER TREINTA Y NUEVE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	-	2	Euro
AMBER SOLAR POWER CUARENTA SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	-	2	Euro
LUMINORA SOLAR SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	-	25	28	Euro
LUMINORA SOLAR UNO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	-	39	41	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
LUMINORA SOLAR CINCO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	58	60	Euro
LUMINORA SOLAR SEIS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	51.00%	3	(1)	(2)	-	Euro
LUMINORA SOLAR SIETE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	4	6	Euro
LUMINORA SOLAR OCHO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	-	-	3	Euro
LUMINORA SOLAR NUEVE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	-	2	Euro
LUMINORA SOLAR DIEZ SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.		100.00%	3	-	-	3	Euro
LUMINORA SOLAR ONCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	-	2	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
LUMINORA SOLAR DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	304	306	Euro
LUMINORA SOLAR TRECE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	12	14	Euro
LUMINORA SOLAR CATORCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	12	14	Euro
LUMINORA SOLAR QUINCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	12	14	Euro
LUMINORA SOLAR DIECISEIS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	12	14	Euro
LUMINORA SOLAR DIECISIETE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	-	2	Euro
LUMINORA SOLAR DIECIOCHO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	-	2	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
LUMINORA SOLAR DIECINUEVE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	-	2	Euro
LUMINORA SOLAR VEINTE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	3	(1)	-	2	Euro
Usina de energia fotovoltaica Leo Silveira 1, Ltda	Várzea de Palma Jequitaí KM 30, S/N - Varzea da Palma entrance, Minas Gerais (Brazil)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	315	-	(317)	(2)	Brazilian real
Usina de energia fotovoltaica Leo Silveira 2, Ltda	Várzea de Palma Jequitaí KM 30, S/N - Varzea da Palma entrance, Minas Gerais (Brazil)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	112	-	(114)	(2)	Brazilian real
Usina de energia fotovoltaica Leo Silveira 3, Ltda	Várzea de Palma Jequitaí KM 30, S/N - Varzea da Palma entrance, Minas Gerais (Brazil)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	112	-	(113)	(1)	Brazilian real
Usina de energia fotovoltaica Leo Silveira 4, Ltda	Várzea de Palma Jequitaí KM 30, S/N - Varzea da Palma entrance, Minas Gerais (Brazil)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	188	-	(190)	(2)	Brazilian real

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Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
Usina de energia fotovoltaica Leo Silveira 5, Ltda	Várzea de Palma Jequitaí KM 30, S/N - Varzea da Palma entrance, Minas Gerais (Brazil)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	188	-	(190)	(2)	Brazilian real
Usina de energia fotovoltaica Leo Silveira 6, Ltda	Várzea de Palma Jequitaí KM 30, S/N - Varzea da Palma entrance, Minas Gerais (Brazil)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	188	-	(190)	(2)	Brazilian real
Usina de Energia Fotovoltaica Graviola I, S.A.	PC Herculiano Carvalho, 86, 64760-00 Centro São João do Piauí (Brazil)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	-	-	(67)	(67)	Euro
Usina de Energia Fotovoltaica Graviola II, S.A.	PC Herculiano Carvalho, 86, 64760-00 Centro São João do Piauí (Brazil)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	-	-	(62)	(62)	Euro
Usina de Energia Fotovoltaica Graviola III, S.A.	PC Herculiano Carvalho, 86, 64760-00 Centro São João do Piauí (Brazil)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	-	-	(66)	(66)	Euro
Usina de Energia Fotovoltaica Graviola IV, S.A.	PC Herculiano Carvalho, 86, 64760-00 Centro São João do Piauí (Brazil)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	-	-	(66)	(66)	Euro
USINA DE ENERGIA FOTOVOLTAICA PEDRANÁPOLIS, LTDA	Rod Chaffi Marao km 9; S/N Pedranápolis (Brazil)	Development services office, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities.	Powertis, S.A.U.	-	100.00%	-	-	(215)	(215)	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
USINA DE ENERGIA FOTOVOLTAICA DE ARAXA LTDA	ROD MG-428 (ARAXA-FRANCA); DONA BEJA. ARAXÁ-MG. 38183-666. (Brazil)	Development services office, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities.	Powertis, S.A.U.	-	100.00%	-	-	(298)	(298)	Euro
POWERTIS BRASIL DESENVOLVIMENTO DE PROJETOS DE ENERGIA E PARTICIPAÇOES LTDA	Rua Doutor Barreto, nº 423, Quadra 1000, Lote 00008, Loteamento 40, Jardim Aeroporto, Bairro Pitangueiras, Lauro de Freitas, BA, CEP 42.701-310 (Brazil)	Search and development of greenfield projects	Powertis, S.A.U.	-	100.00%	-	-	(241)	(241)	Brazilian real
USINA DE ENERGIA FOTOVOLTAICA SOLATIO VARZEA LTDA.	Est. Municipal Várzea da Palma ao Distrito Pedra de Santana KM 22, S/N, zona Rural, Várzea de Palma, CEP 29.260-000 (Brazil)	Exploitation and implementation of solar energy	Powertis, S.A.U.	-	100.00%	-	-	(52)	(52)	Brazilian real
USINA DE ENERGIA FOTOVOLTAICA BELVEDERE SPE LTDA	RODOVIA RURAL AREA BR 496 KM 9 S/N FAZENDA BELVEDERE (Brazil)	Exploitation and implementation of solar energy	Powertis, S.A.U.	-	100.00%	-	-	(4)	(4)	Brazilian real
POWERTIS, SRL	VIA VENTI SETTEMBRE,1. 00187 ROME (Italy)	Development services office, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities.	Powertis, S.A.U.	-	100.00%	100	-	162	262	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
AMBRA SOLARE UNO SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE DOS SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE TRES SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE CUATRO SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE CINCO SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE SEIS SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE SIETE SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
AMBRA SOLARE OCHO SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE NUEVE SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE DIEZ SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE ONCE SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE DOCE SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE TRECE SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE CATORCE SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
AMBRA SOLARE QUINCE SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE DIECISEIS SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE DIECISIETE SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE DIECIOCHO SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE DIECINUEVE SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
AMBRA SOLARE VEINTE SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100.00%	10	-	-	10	Euro
LUMINORA CATANIA SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	49.00%	10	-	-	10	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings 2	Total Equity	Functional currency
LUMINORA TUPPETO 1 SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	49.00%	10	-	-	10	Euro
LUMINORA TUPPETO 2 SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	49.00%	10	-	-	10	Euro
LUMINORA TUPPETO 3 SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	49.00%	10	-	-	10	Euro
LUMINORA RIPIZZATA SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	49.00%	10	-	-	10	Euro
LUMINORA SPARPAGLIATA SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	49.00%	10	-	-	10	Euro
LUMINORA SANTELIA 1 SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	49.00%	10	-	-	10	Euro
LUMINORA SANTELIA 2 SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	49.00%	10	-	-	10	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Share Capital	Reserves and Share premium	Retained earnings [2]	Total Equity	Functional currency
LUMINORA CAVALIERE SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	49.00%	10	-	-	10	Euro
LUMINORA BARBA SRL	ROME (RM) VIA VENTI SETTMBRE 1 CAP 00187 (Italy)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	49.00%	10	-	-	10	Euro

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Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [4]	Total Equity	Functional currency
Soltec Energías Renovables, S.L.U.	C/ Gabriel Campillo S/n P.i. La Serreta 30500 - Molina De Segura - Murcia (Spain)	Sale of solar trackers and their installation and maintenance in those cases in which the customer requires it.	Soltec Power Holdings,S.A.	100%	-	824	14,342	2,394	17,560	Euros
Powertis, S.A.U.	C/ Príncipe De Vergara 43 - 6th Floor (Madrid)	The promotion and execution of projects for electric energy production facilities using photovoltaic solar energy The purchase and sale, transfer and/or acquisition for its own account of shares and/or participations in all types of entities, whether or not they have legal personality	Soltec Power Holdings,S.A.	100%	-	2,000	-	(1,531)	469	Euros
Soltec Energie Rinnovabili S.r.L.	Viale A. Gramsci, 20. Firenze (Italy)	Commercialization and management of renewable energy equipment based on supply and installation works.	Soltec Energías Renovables, S.L.U.	-	100%	10	85	(4)	91	Euros
Soltec America L.L.C.	3050 Osgood Court. Fremont (California - United States)	Commercialization and management of renewable energy equipment based on supply, installation and maintenance works.	Soltec Energías Renovables, S.L.U.	-	100%	3	-	(4,572)	(4,569)	U.S. dollar

[3] For subsidiaries with a functional currency other than the euro, the information has been translated into euros using the accounting principles for the translation of financial statements in foreign currencies.

[4] Retained earnings" includes the aggregate impact of the items "Other members' contributions", "Prior years' losses", "Profit for the year" and "Adjustments for changes in value".

Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [4]	Total Equity	Functional currency
Soltec Chile S.p.A.	Av. Bosque Norte 0134 7th Floor. Comuna de las Condes (Santiago de Chile - Chile)	Commercialization and management of renewable energy equipment based on supply, installation and maintenance works.	Soltec Energías Renovables, S.L.U.	-	100%	1	992	(2,905)	(1,912)	Chilean peso
Soltec Brasil Industria, Comercio e Servicos de Energías Renovaveis LTDA (Soltec Brasil)	Rua Dr. Barreto, 483, Lauro de Freitas, Bahia State (Brazil)	Commercialization and management of renewable energy equipment based on supply, installation and maintenance works.	Soltec Energías Renovables, S.L.U.	-	100%	20,200	4,288	(1,635)	22,873	Brazilian real
Soltec Energías Renovables, S.A.C.	Avenida República de Panamá Nº 3576, Lima (Peru)	Commercialization and management of renewable energy equipment based on supply, installation and maintenance works.	Soltec Energías Renovables, S.L.U.	-	99,67%	240	123	(214)	149	New sun
Solar Trackers Soltec SA de CV	Oxford 30. Juarez (Mexico)	Commercialization and management of renewable energy equipment based on supply, installation and maintenance works.	Soltec Energías Renovables, S.L.U.	-	100%	3	1,459	(2,095)	(633)	Mexican peso
Soltec Australia, PTY LTD.	300 Barangaroo Avenue, Level 24, Three International Towers, Barangaroo NSW 2000 (Australia)	Marketing and management of renewable energy equipment.	Soltec Energías Renovables, S.L.U.	-	100%	1	17	(65)	(47)	Australian dollar
Soltec Argentina, S.R.L.	Avenida del Libertador 498, 3rd Floor, 1001. Autonomous City of	Marketing and management of renewable energy equipment.	Soltec Energías Renovables, S.L.U.	-	95%	2	8	13	23	Argentine peso

Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [4]	Total Equity	Functional currency
	Buenos Aires (Argentina)									
Soltec Innovations, S.L.	C/ Gabriel Campillo, s/n Polígono Industrial La Serreta, Molina de Segura (Spain)	Technical engineering services and activities related to technical advice.	Soltec Energías Renovables, S.L.U.	-	100%	3	-	(27)	(24)	Euro
Soltec Trackers PVT LTD.	303, 3rd Floor, Tower 1 DLF Corporate Park, DLF Phase - 3, Gurgaon, Haryana 122002 (India)	Commercialization and management of renewable energy equipment based on supply and installation works.	Soltec Energías Renovables, S.L.U.	-	100%	479	18	46	543	Indian Rupee
Soltec France, S.L.	6, place de la madeleine, 75008, Paris (France)	Marketing and management of renewable energy equipment.	Soltec Energías Renovables, S.L.U.	-	100%	3	-	2,172	2,175	Euro
Soltec Trackers Colombia SAS	Calle 93 B, NO 19-35 Office 201, Bogotá (Colombia)	Marketing and management of renewable energy equipment.	Soltec Energías Renovables, S.L.U.	-	100%	1	-	16	17	Colombian peso
AMBER SOLAR POWER SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(7)	(4)	Euro
AMBER SOLAR POWER UNO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of	Powertis, S.A.U.	-	100%	3	-	(31)	(28)	Euro

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Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [4]	Total Equity	Functional currency
		facilities related to renewable energies.								
AMBER SOLAR POWER DOS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(30)	(27)	Euro
AMBER SOLAR POWER TRES SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(30)	(27)	Euro
AMBER SOLAR POWER CUATRO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(27)	(24)	Euro
AMBER SOLAR POWER CINCO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(23)	(20)	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [4]	Total Equity	Functional currency
AMBER SOLAR POWER SEIS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(10)	(7)	Euro
AMBER SOLAR POWER SIETE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(4)	(1)	Euro
AMBER SOLAR POWER OCHO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(6)	(3)	Euro
AMBER SOLAR POWER NUEVE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(20)	(17)	Euro
AMBER SOLAR POWER TEN SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	(1)	(21)	(19)	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [4]	Total Equity	Functional currency
AMBER SOLAR POWER ONCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	(1)	(15)	(13)	Euro
AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	(1)	(11)	(9)	Euro
AMBER SOLAR POWER TRECE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	(1)	(10)	(8)	Euro
AMBER SOLAR POWER CATORCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	(1)	(15)	(13)	Euro
AMBER SOLAR POWER QUINCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	(1)	(36)	(34)	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [4]	Total Equity	Functional currency
AMBER SOLAR POWER DIECISEIS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(8)	(5)	Euro
AMBER SOLAR POWER DIECISIETE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(10)	(7)	Euro
AMBER SOLAR POWER DIECIOCHO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(8)	(5)	Euro
AMBER SOLAR POWER DIECINUEVE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(8)	(5)	Euro
AMBER SOLAR POWER VEINTE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(5)	(2)	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [4]	Total Equity	Functional currency
AMBER SOLAR POWER VEINTIUNO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	51%	3	-	(2)	1	Euro
AMBER SOLAR POWER VEINTIDOS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(1)	1	Euro
AMBER SOLAR POWER VEINTITRES SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	(1)	-	2	Euro
AMBER SOLAR POWER VEINTICUATRO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	(1)	-	2	Euro
AMBER SOLAR POWER VEINTICINCO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	(1)	-	2	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [4]	Total Equity	Functional currency
AMBER SOLAR POWER VEINTISEIS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	(1)	-	2	Euro
AMBER SOLAR POWER VEINTISIETE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	-	3	Euro
AMBER SOLAR POWER VEINTIOCHO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	-	3	Euro
AMBER SOLAR POWER VEINTINUEVE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	-	3	Euro
AMBER SOLAR POWER TREINTA SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	(1)	-	2	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [4]	Total Equity	Functional currency
LUMINORA SOLAR SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(4)	(1)	Euro
LUMINORA SOLAR UNO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(249)	(246)	Euro
LUMINORA SOLAR DOS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(185)	(182)	Euro
LUMINORA SOLAR TRES SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(194)	(191)	Euro
LUMINORA SOLAR CUATRO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	(12)	(9)	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [4]	Total Equity	Functional currency
LUMINORA SOLAR CINCO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	(1)	(14)	(12)	Euro
LUMINORA SOLAR SEIS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	51%	3	(1)	(1)	1	Euro
LUMINORA SOLAR SIETE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	(1)	(8)	(6)	Euro
LUMINORA SOLAR OCHO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	-	3	Euro
LUMINORA SOLAR NUEVE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	(1)	-	3	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [4]	Total Equity	Functional currency
LUMINORA SOLAR DIEZ SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	100%	3	-	-	3	Euro
USINA DE ENERGIA FOTOVOLTAICA DE ARAXA LTDA	ROD MG-428 (ARAXA-FRANCA); DONA BEJA. ARAXÁ- MG. 38183-666. (Brazil)	Development services office, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities.	Powertis, S.A.U.	-	100%	2	-	(122)	(120)	Brazilian real
Powertis Leo Silveira 1, Ltda.	ESTRADA VARZEA DE PALMA JEQUITAI KM 30 (Brazil)	Development services office, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities.	Powertis, S.A.U.	-	100%	2	-	(90)	(88)	Brazilian real
Powertis Leo Silveira 2, Ltda.	ESTRADA VARZEA DE PALMA JEQUITAI KM 30 (Brazil)	Development services office, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities.	Powertis, S.A.U.	-	100%	2	-	(51)	(49)	Brazilian real
Powertis Leo Silveira 3, Ltda.	ESTRADA VARZEA DE PALMA JEQUITAI KM 30 (Brazil)	Development services office, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities.	Powertis, S.A.U.	-	100%	2	-	(49)	(47)	Brazilian real

Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [4]	Total Equity	Functional currency
Powertis Leo Silveira 4, Ltda.	ESTRADA VARZEA DE PALMA JEQUITAI KM 30 (Brazil)	Development services office, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities.	Powertis, S.A.U.	-	100%	2	-	(80)	(78)	Brazilian real
Powertis Leo Silveira 5, Ltda.	ESTRADA VARZEA DE PALMA JEQUITAI KM 30 (Brazil)	Development services office, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities.	Powertis, S.A.U.	-	100%	2	-	(79)	(77)	Brazilian real
Powertis Leo Silveira 6, Ltda.	ESTRADA VARZEA DE PALMA JEQUITAI KM 30 (Brazil)	Development services office, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities.	Powertis, S.A.U.	-	100%	2	-	(79)	(77)	Brazilian real
POWERTIS BRASIL DESENVOLVIMENTO DE PROJETOS DE ENERGIA E PARTICIPAÇOES LTDA	Rua Doutor Barreto, nº 423, Quadra 1000, Lote 00008, Loteamento 40, Jardim Aeroporto, Bairro Pitangueiras, Lauro de Freitas, BA, CEP 42.701-310 (Brazil)	Search and development of greenfield projects	Powertis, S.A.U.	-	100%	-	-	(2)	(2)	Brazilian real
POWERTIS, SRL	VIA VENTI SETTEMBRE,1. 00187 ROMA, (ITALY)	Development services office, management of solar and photovoltaic projects, supervision of electrical	Powertis, S.A.U.	-	100%	10	-	(32)	(22)	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [4]	Total Equity	Functional currency
		contraction works, among other activities.								

Annex II - Companies over which significant influence is maintained (information in thousand euros)

December 31, 2020

Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [5]	Total Equity	Functional currency
AMBER SOLAR POWER UNO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	35,00%	3	-	120	123	Euro
AMBER SOLAR POWER TRES SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	35,00%	3	-	47	50	Euro
AMBER SOLAR POWER CUATRO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	35,00%	3	-	54	57	Euro

[5] Retained earnings" includes the aggregate impact of the items "Other members' contributions", "Prior years' losses", "Profit for the year" and "Adjustments for changes in value".

Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [5]	Total Equity	Functional currency
AMBER SOLAR POWER CINCO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	35,00%	3	-	66	689	Euro
AMBER SOLAR POWER NUEVE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	35,00%	3	-	39	42	Euro
AMBER SOLAR POWER DIEZ SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	35,00%	3	(1)	29	32	Euro
AMBER SOLAR POWER QUINCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	35,00%	3	(1)	4	7	Euro

Company name	Address	Activity	Holding company	Direct	Indirect	Capital	Reserves and Share premium	Retained earnings [5]	Total Equity	Functional currency
AMBER SOLAR POWER DIECISEIS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	35,00%	3	-	12	15	Euro
LUMINORA SOLAR DOS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	35,00%	3	-	291	293	Euro
LUMINORA SOLAR TRES SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	35,00%	3	-	98	101	Euro
LUMINORA SOLAR CUATRO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid (Spain)	Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities related to renewable energies.	Powertis, S.A.U.	-	35,00%	3	-	45	48	Euro

CONSOLIDATED MANAGEMENT REPORT 2020

Soltec
POWER HOLDINGS

MANAGEMENT REPORT 2020

1. SITUATION OF THE ENTITY

Soltec Power Holdings, S.A. (hereinafter, "Soltec" or the "Parent Company") and subsidiaries (hereinafter, the "Soltec Group" or the "Group") form a consolidated group of companies operating in the renewable energy sector, particularly in the photovoltaic sector.

Today, Soltec is one of the world's leading manufacturers specialized in the development of integrated solutions for photovoltaic energy projects. Our portfolio of services ranges from the design and manufacture of solar trackers to the development and construction of photovoltaic solar energy parks.

1.1 MISSION AND VISION OF THE SOLTEC GROUP

In the 21st century, humanity finds itself in an unprecedented situation. Industrial development and population growth have put the planet at risk. Humanity is consuming natural resources at a rapid rate and energy needs have so far been met primarily by fossil fuels. Over the past 150 years, the carbon dioxide resulting from burning these fuels for transportation, buildings and industry has accumulated in the planet's atmosphere. As a result, our atmosphere is retaining more heat from the sun than ever before (greenhouse effect) and for the first time in the planet's history, one species (humans) is changing the climate (global warming). The planet is facing previously unknown risks. Experts predict rising sea levels, more extreme weather (droughts and floods, episodes of extreme cold and heat, the disappearance of species, mass migrations, famine, ...). Fortunately, the human being is both the cause of the problem and the only one who can reverse this serious situation. For the first time, man has the technology to decarbonize the planet. This technology is being developed by companies such as Soltec, which specializes in photovoltaic solar energy. Soltec was born with the mission to create a clean and sustainable world based on the efficient production of photovoltaic solar energy. To achieve this, since its inception Soltec has been committed to leading the global photovoltaic energy market by offering reliable technological solutions. Soltec encourages its suppliers, customers and employees to share this vision and is committed to developing environmental and sustainability actions that disseminate these values.

1.2 STRUCTURE AND OPERATION

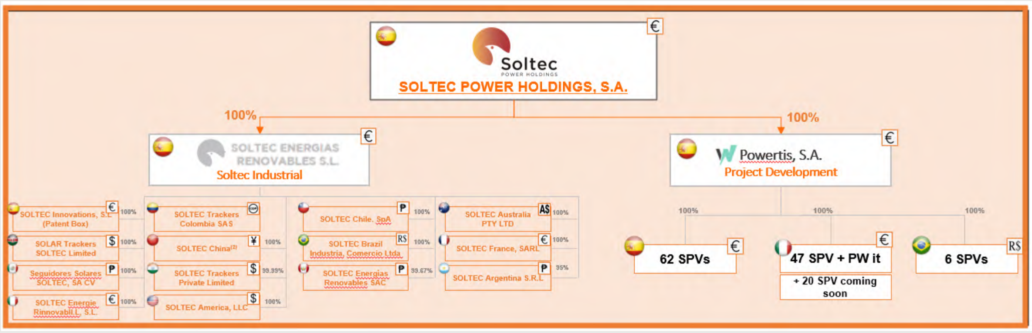
Soltec Power Holdings, S.A. was incorporated in Murcia (Spain) on December 2, 2019 in accordance with the Spanish Companies Act. Its registered office is located at Gabriel Campillo Street, Polígono Industrial La Serreta, s/n 30500, Molina de Segura (Murcia), where its main facilities are located.

Its incorporation was carried out by Grupo Corporativo Sefrán, S.L. (formerly named Bari Inversiones y Desarrollos, S.L., hereinafter, "Grupo Sefrán") and Valueteam, S.L. (hereinafter, Valueteam), as follows:

SHAREHOLDER	NO. SHARES	EUROS	% SHARE
Valueteam	18,000	18,000	30%
Sefrán Group	42,000	42,000	70%
Total	60,000	60,000	100%

Subsequently, on December 23, 2019, by agreement between the partners of the Company, Soltec Energías Renovables, S.L.U. (Grupo Sefrán and Valueteam) and the shareholders of Powertis, S.A.U. (Grupo Sefrán, Valueteam and an individual) a non-monetary contribution was made to the company Soltec Power Holdings, S. A. corresponding to 100% of the shares of Soltec Energías Renovables, S.L.U. and 100% of the shares of Powertis, S.A.U. This contribution was registered in the registry of Soltec Energías Renovables, S.L.U. (Grupo Sefrán and Valueteam) corresponding to 100% of the shares of Soltec Energías Renovables, S.L.U. and 100% of the shares of Powertis, S.A.U. This contribution was registered in the commercial register on December 31, 2019.

As a result of the aforementioned restructuring, the Group's structure is as follows:



The non-monetary contribution involved a capital increase of 296 million euros. The detail of the shares issued by both companies, the amount at which they were issued and their distribution according to the percentage of participation of each of the shareholders is as follows:

SHAREHOLDER	NUMBER OF SHARES ISSUED FOR SOLTEC RENEWABLE ENERGIES CONTRIBUTION	NO. OF SHARES ISSUED FOR POWERTIS CONTRIBUTION	AMOUNT AT WHICH SHARES ARE ISSUED (EUROS)	SOLTEC RENEWABLE ENERGIES (EUROS)	POWERTIS (EUROS)	TOTAL (EUR)
Valueteam	3,600,000	855,000	19.75	71,100,000	16,886,250	87,986,250
Sefrán Group	8,400,000	1,995,000	19.75	165,900,000	39,401,250	205,301,250
Individual	-	150,000	19.75	-	2,962,500	2,962,500
Total	12,000,000	3,000,000	19.75	237,000,000	59,250,000	296,250,000

Additionally, the distribution between capital stock and additional paid-in capital was as follows:

SHAREHOLDER	SHARE CAPITAL	SHARE PREMIUM	TOTAL (EUR)
Valueteam	4,455,000	83,531,250	87,986,250
Individual	150,000	2,812,500	2,962,500
Sefrán Group	10,395,000	194,906,250	205,301,250
Total	15,000,000	281,250,000	296,250,000

The incorporation of the Group's parent company, Soltec Power Holdings, S.A., in 2019 entails the reorganization of these businesses into a single parent company, considering that the aforementioned businesses were majority-owned by the Sefrán Group. Both subsidiaries had been carrying out their operating activities prior to the date of integration.

The purpose of this reorganization was to provide the Group with an optimal corporate structure to enable it to initiate various corporate transactions, including the launch of the Inicial Public Offering of shares.

During the 2020 fiscal year and as a result of the Initial Public Offering process, the following relevant events occurred:

On October 6, 2020, the General Meeting of Shareholders of the Parent Company approved the split of the number of shares of the Parent Company by reducing their par value from 1 to 0.25 euros per share, at a ratio of 4 new shares for each old share, with no change in the amount of capital stock.

On October 27, 2020, the resolution adopted on October 13, 2020 by the General Shareholders' meeting, consisting of a capital increase of 150 million euros by means of cash contributions, with waiver of pre-emptive subscription rights, through an offer for subscription of shares of the Parent Company and a request for admission to trading on the stock exchange, was made public.

On October 28, the Parent Company's Initial Public Offering took place, prior to which the share capital was increased through the issue and flotation of 31,146,717 new ordinary shares of the Parent Company of the same class and series with a par value of 0.25 euros per share and a share premium of 4.57 euros applicable to the 30,881,767 newly issued ordinary shares subscribed in the qualified investor tranche and in the non-qualified investor tranche (excluding the employee and commercial sub-tranches) and a nominal value of 0.25 euros per share and an issue premium of 4.09 euros applicable to the 264,950 newly issued ordinary shares subscribed in the employee and commercial sub-tranche. Consequently, the total nominal amount of the issue amounts to 7,786,679 euros and the share premium is increased by 142,213,321 euros. All the shares have been fully paid up.

In addition, the majority shareholder (Sefrán) exercised its right to sell or green shoe the shares it held by placing 3,115 thousand additional shares on the market, equivalent to 3.41% of the total volume of the company's shares.

In relation to these capital increases, the Parent Company has recorded the incremental expenses associated with them with a credit to reserves, net of the tax effect, amounting to 8,086 thousand euros.

Following this transaction, the share capital of the Parent Company at December 31, 2020 amounts to 22,847 thousand euros, represented by 91,387 thousand shares with a par value of 0.25 euros each, fully subscribed.

As of December 31, 2020, and December 31, 2019, the legal entities holding an interest equal to or greater than 10% of the Company's capital stock are as follows:

	% SHARE	
SHAREHOLDER	2020	2019
Valueteam	42.3%	69.3%
Sefrán Group	19.6%	29.7%

The Group's core activities consist of:

a) The execution of all kinds of activities, works and services related to the business of promotion, development, construction and maintenance of electric energy production plants, including the manufacture, supply, installation and assembly of industrial equipment and other facilities for such plants.

b) The provision of assistance or support services to investees or companies within the scope of the business group, for which purpose it may provide, on their behalf, the financing, guarantees and sureties that may be appropriate.

c) The management and administration of securities representing the equity of resident and non-resident entities in Spanish territory by means of the corresponding organization of material and personal resources, provided that it does not affect the legislation on collective investments.

1.3 SEGMENTS, BUSINESS DIVISIONS

As a result of the integration of the businesses of Soltec Energías Renovables and Powertis in the company Soltec Power Holdings, the Group's activities are currently the installation and marketing of photovoltaic solar trackers, together with the construction of solar energy plants, which constitutes the Group's industrial segment (Soltec Energías Renovables, S.L.U. and subsidiaries), and the execution of photovoltaic projects, which is carried out by Powertis (Powertis, S.A.U. and subsidiaries), and which constitutes the project development segment. Both business divisions are considered as operating segments.

The highest decision-making authority has evaluated the results of each of the divisions in a differentiated manner due to the inherent particularities of each one. Additionally, both lines of activity are the basis for the evaluation of the results generated by the Group and on which management periodically reviews, discusses and evaluates management decision-making at the corporate level.

In relation to the geographic segments in which the Group distributes its net sales, the sole director has identified the following markets:

1. Spain and Italy
2. Brazil
3. North America: United States of America and Mexico
4. Rest of South America: Argentina, Chile, Colombia, Panama and Peru.
5. APAC: Australia, China, India and Thailand
6. Others: Greece, Turkey, Denmark, Egypt, Israel, Jordan, Kenya and Namibia.

Our activities are carried out in facilities located in Spain, Chile, the United States, Brazil, Peru, Mexico, Argentina, Australia, India, Italy, France, Colombia, China, Egypt, Kenya and Israel. The Group's international presence is a challenge that drives and motivates us to develop global practices and procedures that are transversal and applicable in all the countries where we are present. In this way, we ensure that the entire Group grows globally in a sustainable manner.

Below are the offices of the Soltec Energías Renovables business line (orange) and the Powertis business line (black). In addition to the map, the Group has factories in Spain and Brazil.

1.4 ORGANIZATIONAL STRUCTURE

The governing bodies of Soltec Power Holdings, being a listed company, have been configured with absolute respect for the applicable legal provisions and the Good Governance Recommendations of the National Securities Market Commission, always observing the principle of comply or explain.

The governing bodies are the General Shareholders' Meeting and the Board of Directors, which have the powers assigned to them by the Law and the Company's Bylaws. In addition, both bodies have their own Regulations where basic information on their organization and operation can be found. During the last quarter of fiscal year 2020, the new bylaws were implemented, which have served to align Soltec with the transparency objectives required by the Unified Code of Good Governance for Listed Companies.

The following is a brief description of the main updates that have taken place over the last year and the impact they have had on the various governing bodies

1.4. CORPORATE GOVERNANCE BODIES

1.4.1 CORPORATE GOVERNANCE BODIES

A. GENERAL SHAREHOLDERS' MEETING

The General Shareholders' Meeting is the highest decision-making and control body of the Group in matters within its competence, through which the shareholder's right to intervene in essential decision-making is articulated. It represents all the shareholders and all of them are subject to its decisions. The General Meeting has the power to decide on all matters attributed to it by law or the Company's bylaws. Likewise, the General Meeting has a Regulation which defines in detail its operation and organization.

B. BOARD OF DIRECTORS

Each Group company has its own administrative body. In the case of Soltec Power Holdings, the governance of the Company is organized through a Board of Directors. The Board of Directors is the body to which the broadest powers and faculties are attributed to manage, direct, administer and represent the Company. It holds the powers attributed to it by law and by the Company's bylaws, and consists of seven members: one executive director, three proprietary directors and three independent directors. The position of Chairman of the Board is held by the executive director, and there is a Coordinating Director, whose position is held by one of the independent directors. The ordinary management of the company is the responsibility of the Chief Executive Officer, who holds all the powers not reserved exclusively to the Board by law or by the Company's bylaws, and who concentrates his activity on the general supervisory function and on the consideration of those matters of particular importance for the Group.

The Board of Directors is also organized into different committees, specifically: an Audit Committee, an Appointments and Remuneration Committee and a Sustainable Development Committee, with the powers of information, supervision, advice and proposal in the matters within their competence, as specified in the Law and in these bylaws and which are developed in the Regulations of the Board of Directors.

With respect to the rest of the Group's companies, Powertis has a Board of Directors composed of three directors, while in Soltec Energías Renovables and Soltec Innovations the governance of the company is organized through the figure of the sole Director.

C. AUDIT COMMITTEE

The Audit Committee is composed of three directors, two of whom, including the Chairman of the Committee, are external. The Audit Committee's responsibilities include supervising the effectiveness of internal control and internal audit, and the process of preparing and presenting the required financial information.

D. APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee is also made up of directors, all of whom are independent. The position of Chairman is held by an independent director. The general powers of the Committee are to propose and report on appointments and removals, in the terms legally and statutorily provided for.

E. SUSTAINABLE DEVELOPMENT COMMITTEE

The Sustainable Development Committee is made up of three directors, two independent and one proprietary. The position of Chairman is held by an independent director. The Committee is considered an internal informational and consultative body, without executive functions, with information, advisory and proposal-making powers within its scope of action.

Soltec bases its commitment to sustainability on the positive impact that its activity generates on its stakeholders. The products and projects implemented by the company provide its customers with efficient and innovative energy solutions that also induce a positive impact on the communities where Soltec is present and on the rest of society.

Milestones in 2020	Main indicators		
	Indicator	*Data 2020*	*Data 2019*
• Approval of a Sustainability Policy • Creation of a Sustainability and Good Governance Plan	Meetings held by the ESG Committee	7	0
• Implementation of an ESG Committee*.	Emissions reduction	1,402,008	2,326,912
• Adherence to the United Nations Global Compact.	Waste disposal	n.m.	n.m.
• Creation of a sustainability committee under the Board of Directors. • Creation of a board of directors based on best corporate governance practices.	Fulfillment of the United Nations SDGs[1]	n.m.	n.m.

Environmental, social and governance aspects in their English initials.

Objectives 2021
• Organization of the ESG area with its own structure
• Publication of an integrated report on fiscal year 2020 under GRI and SASB standards.
• Achieving the 17 United Nations SDGs[1]
• Measurement of the degree of alignment of Soltec Power Holdings' activity with EU taxonomy.
• Works on circular economy
• Health & Safety: we continue to work to reduce the number of occupational accidents to zero and to ensure the health and safety of our workers.
• Biodiversity: we are working towards 2021 to ensure that the environmental impact of our work is minimal.
• Adaptability: we work to ensure that our technology adapts to market needs, is more efficient and uses as little material as possible.
• ESG master plan based on five strategic lines: environment, sustainability, good governance, talent and innovation.

[1] Sustainable Development Goals

F. DUE DILIGENCE MECHANISMS

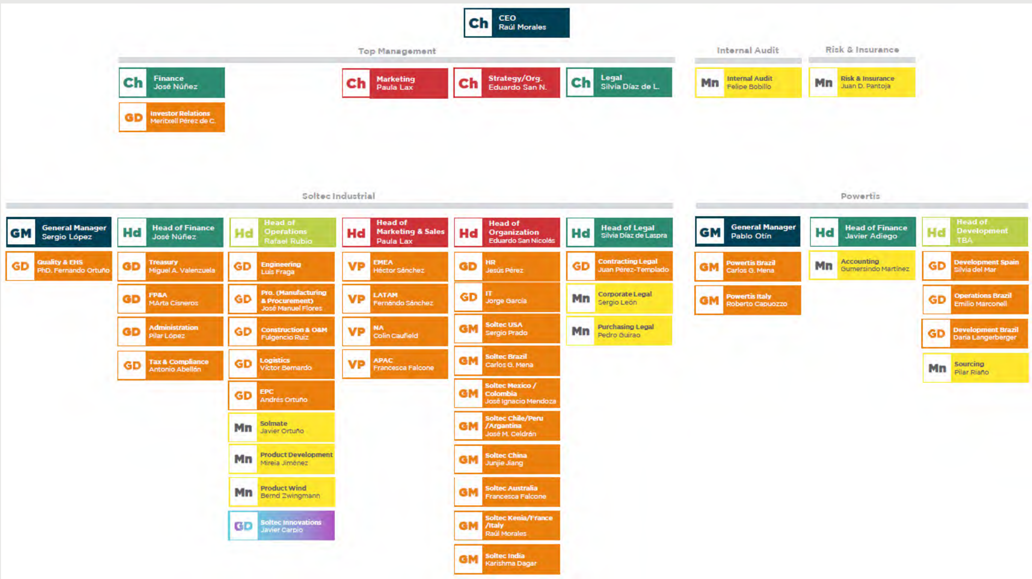
Finally, the Board of Directors approved the Internal Rules of Conduct in the Securities Markets, the purpose of which is to regulate the rules of conduct to be observed by Soltec, its management bodies, employees and other persons subject to its actions related to the Securities Market.

These regulations detail the rules of conduct in relation to proprietary trading, insider trading, market manipulation and treasury stock transactions.

The Internal Code of Conduct for Securities Markets applies to, among others, members of the Board of Directors, senior management and employees who have access to inside information, and also to our external advisors, when they handle such inside information.

1.5 PEOPLE AT SOLTEC

The Group's current operating organization chart is as follows:



1.6 HISTORICAL EVOLUTION OF THE GROUP

Despite the incorporation of Soltec Power Holdings, S.A. in 2019, the Soltec Group's business began in 2004 with the incorporation of Soltec Energía Renovables, S.L., the year in which we started our operations in the field of EPC services (Engineering, Procurement and Construction) and the development of solar parks. It is not until 2007 when Soltec Energías Renovables consolidates as a manufacturer of solar trackers for photovoltaic parks, being the accumulated installed capacity of solar trackers of 20MW at the end of 2007.

In fiscal year 2008, we began offering services in Italy. Additionally, in 2009 we developed and launched the "*Single-axis tracker*", one of the first single-axis PV trackers in history.

Later in 2011, the *Solarfighter* was launched, a highly technological product aimed at the retail market, which opened the door to the industrialization of solar tracking equipment at the user level. 2012 also saw the market launch of the *"SF Utility"* tracker. These innovations allowed us to start a highly competitive tracker and a period of international expansion that materialized with the signing of a tracker supply contract for a 12 MW project in Chile in 2013.

The year 2015 saw the opening of commercial offices in the United States and Brazil, the purpose of which was to continue with the process of internationalization and the search for new business opportunities in new markets where the Group was not already present. The most relevant contractual highlight of 2015 was the signing of a 150MW contract in Chile for which we supplied our first bifacial trackers.

Continuing with the growth strategy, in 2016 we entered new geographic markets in Latin America. Specifically, in that year we signed contracts for the supply of photovoltaic trackers in projects located in Peru and Mexico with a capacity of 420 MW. We also signed our first project in the United States, for 150 MW, and several projects in Brazil for more than 800 MW.

The year 2017 in Spain marked a change of trend in the renewable energy market. This fact contributed to obtaining new photovoltaic renewable energy projects in Spain, specifically in the aforementioned year we managed to sign a contract for the manufacture of solar trackers in projects with installed capacity of 90 MW. The execution of these projects meant the transformation of Soltec Energías Renovables, S.L.U. into one of the leading tracker manufacturers in the market.

Starting in 2018, the fundamental challenge for the Soltec Group was to consolidate our positioning in the global market for the supply and installation of trackers. To this end, the strategy followed by the Group's main shareholders was the creation of the company Powertis, which allowed us to initiate a vertical consolidation process, the objective of which was to expand the portfolio of services offered throughout the value creation chain in the development of photovoltaic renewable energy infrastructure.

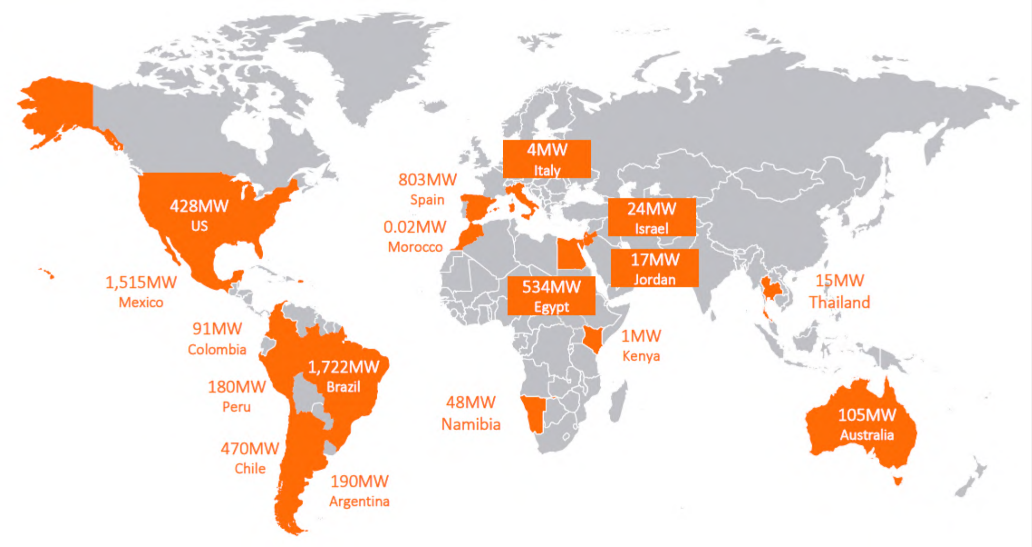
As a result of this diversification of services, in fiscal 2018 we closed an agreement for the acquisition of projects that had been tendered in Brazil with Compañía Energética de Minas Gerais, S.A. (CEMIG) in the amount of 340MW. In addition, we were able to close the 2018 fiscal year with a project portfolio with a generation capacity of 5 GW worldwide.

In fiscal 2019, we continued to focus our activities on the American continent, supplying orders for an estimated 3 GW. In addition, we supplied bifacial modules with an installed capacity of approximately 2 GW.

Focusing on Powertis' performance in fiscal 2019, Powertis continued with the development of approximately 1.5 GW of solar projects in Brazil, including contracts with *power buyers (offtakers)* such as CEMIG, COPEL, ANEEL and a pipeline of 3.7 GW. In 2019, Powertis entered the Spanish, Italian and Portuguese markets and ended the year with a pipeline exceeding 6.2 GW.

In fiscal 2020, we continued to focus our activities on the American continent, and in Europe, supplying orders for 2.3 GW. In addition, we supplied solar trackers for bifacial modules for a capacity of approximately 1.3 GW.

During our 15-year history, the Group has supplied and installed a capacity of more than 6 GW.



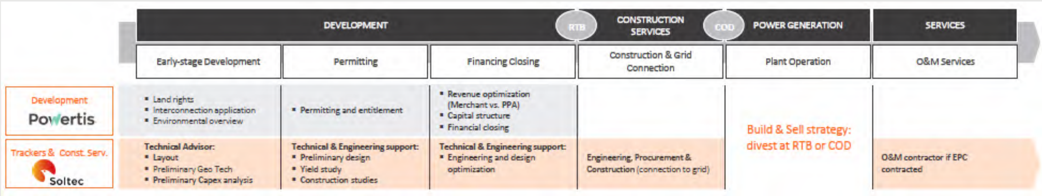
During the fiscal year 2020, Soltec has continued to consolidate its position as one of the world leaders in the sector, being ranked among the best tracker manufacturers according to the study conducted by Wood Mackenzie Power & Renewables called "The Global PV Tracker Landscape 2020".

1.6.1 BUSINESS MODEL

As mentioned above, the incorporation of Soltec Power Holdings, S.A. and the subsequent contribution of the businesses of Soltec Energías Renovables and Powertis to the aforementioned company have made it possible to establish, commercially and operationally, two distinct business branches:

7. Service line of trackers and services related to construction, which is performed by the company Soltec Energía Renovables, S.L.U. and dependent companies, referred to as "industrial" business segment.
8. Project development service line, which is performed by Powertis, referred to as the "project development" business segment.

This vertical integration has provided us with a greater capacity to generate business opportunities through a larger portfolio of services.



The vertical integration strategy is based on three fundamental pillars:

1) The development of photovoltaic projects in strategic high-growth markets in which we have extensive experience.

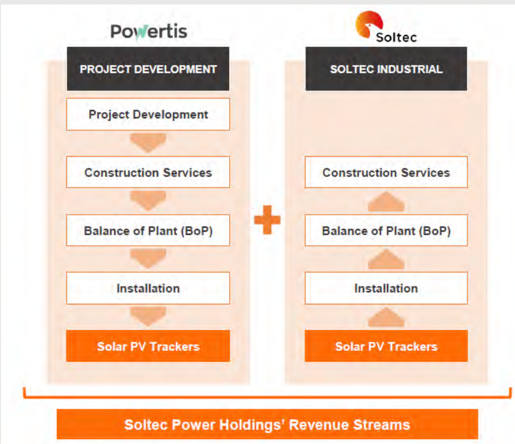
2) The supply of equipment and installation services, which refers to the entire solar farm with the exception of the solar panel.

3) The incorporation of EPC services to our portfolio.

The implementation of the three pillars will lead us to become a vertically integrated company in the value scale. The implementation of the aforementioned strategy stems from our conviction that we are capable of generating significant resources from vertical integration. Specifically, we have identified that this strategy enables us firstly to increase the identification of opportunities and secondly, to increase our presence along the value chain, which allows us to anticipate market trends.

Moreover, we believe that the activity that carries out projects for solar photovoltaic electricity production facilities diversifies our risk exposure within the solar market, allowing us to capture and maximize additional margins.

Consequently, this strategy will allow us to maximize the Group's operating cash flow. By way of summary, we attach the Soltec Group's revenue generation flow:



Our main historical clients include the following:

On the other hand, during the last few years we have experienced an increase in our customer portfolio. Our growth and internationalization strategy have allowed us to increase the volume of sales to our five main customers and, in spite of this, to reduce the degree of concentration of sales among them.

Our client portfolio has experienced a constant growth process. Our main clients since our creation are:

9. Enel, to which we have supplied solar trackers for an installed capacity of more than 2,779MW.
10. Power Contribution China, with total supplies for an installed capacity of 678 MW.
11. Engie -Solardirect, with a total installed capacity of 605 MW.
12. TSK, with a total installed capacity of 447 MW
13. Cobra Group to which we have supplied trackers for a total installed capacity of 343 MW.

During the 2020 fiscal year, the project development segment led by Powertis has closed two major agreements. On one hand for Spain we have signed the agreement with TOTAL at the beginning of the year for the joint development of 1 GW of photovoltaic projects in Spain, and on the other hand, on December 29, 2020 an the singing of an agreement with Aquila Capital for the joint development of 750Mw in Italy, With respect to the execution of contracts in the segment of project development of plants for the production of solar photovoltaic electric energy, some of the projects in progress at that date have the following detail by location:

14. In Brazil, solar projects with an installed capacity of 427.5 MW and 337 MW, regulated under a PPA regime that ends in 2041, whose contractual deadline to reach COD is January 2021 and 2022.
15. In Spain we have 2.1 GW of projects under development throughout the country, with an estimated COD date between the end of 2021 to 2023.
16. In Italy, we have 1.1 GW of projects under development throughout the country, with an estimated RTB date between the end of 2021 and 2023.

1.6.2 OPERATING PORTFOLIO

In the industrial segment, we have a solid portfolio of supply and construction projects, with a broad geographic diversification, as a result of the Group's strong international character. At year-end 2020, our backlog[2] has an energy production capacity of 1.9 GW.

In addition, a pipeline[3] of 2,626 million euros has been identified, representing 24.3 GW of installed capacity for the next 3 years.

With regard to the development of the future business portfolio of the segment focused on the implementation of projects for the production of solar photovoltaic electricity, taking into account both its backlog and pipeline, as of December 31, 2020, it is estimated that it will amount to a total of 5.6MW.

The degree of development of the aforementioned business portfolio at year-end is as follows:

- Backlog of 717 MW (after the rotation in 2020 of projects totaling 625 MW).
- Target pipeline:
    - Opportunities in advanced stages totaling 792 MW.
    - Identified opportunities for a total of 1,366 MW.
    - Opportunities in a preliminary stage totaling 2,112 MW.

2. BUSINESS PERFORMANCE AND RESULTS

2.1 KEY FINANCIAL INDICATORS [4]

The results for the fiscal year r 2020 did not reach the previously established objectives, mainly due to the COVID-19, which slowed down the usual development of the business, both in the supply and installation part, transferring that part of the business pending execution to fiscal year 2021. However, for the fiscal year 2019 the company's results exceeded the previously established objectives, mainly derived from the favorable evolution that the renewable energy sector experienced at a global level.

[2] Portfolio of signed projects pending of delivery and execution

[3] Portfolio of projects to be carried out

[4] The financial indicators Gross Margin, EBITDA, Adjusted EBITDA, Contribution to EBITDA and Contribution to Adjusted EBITDA have been described in section 2.1.1 "Alternative Performance Measures".

The Group's management foresees a favorable evolution of the business, this evolution of the business is supported by different aspects, such as an increase in the demand for projects as a result of the efficiency gained in recent years in the cost of energy production; an improvement in the negotiation capacity with customers, as well as the possibility of attending larger offers due to the line of guarantees signed in the syndicated loan that has been renewed in 2021, which increases the Group's line of guarantees.

The most noteworthy figures of the results for fiscal 2020 and 2019 are as follows:

THOUSANDS OF EUROS	2020	2019
Net Revenue	235,646	356,812
Gross margin	55,232	97,050
% Gross margin	23.44%	27.20%
EBITDA	(13,661)	17,721
Contribution of net revenue to Ebitda	n.m.	4.97%
Adjusted EBITDA	(9,408)	20,373
Contribution of net revenue to Adjusted Ebitda	n.m.	5.71%
Net Income	(4,928)	1,340

At equity level, total assets at December 31, 2020 and 2019 amount to 311,436 and 251,130 thousand euros respectively, equity to 142,461 and 17,982 thousand euros and short-term and long-term liabilities to an amount of 168,975 and 233,148, of which an amount of 85,889 and 82,320 thousand euros corresponds to bank borrowings of 2020 and 2019 respectively.

The Group is mainly exposed to exchange rate fluctuations, mainly the U.S. dollar and the Brazilian real.

The Group's sensitivity to a revaluation or depreciation of the euro against the aforementioned foreign currencies, without taking into account the potential effect of the exchange rate hedges contracted, is detailed below.

Table 2020

CURRENCY	VARIATION	THOUSANDS OF EUROS	
		IMPACT ON CONSOLIDATED RESULTS	IMPACT ON CONSOLIDATED EQUITY
U.S. Dollars / Euro	10%	(1,092)	(2,686)
Brazilian Real / Euro	10%	(1,445)	(2,472)
U.S. Dollars / Euro	(10%)	1,335	3,283
Brazilian Real / Euro	(10%)	1,766	3,021

Table 2019

CURRENCY	VARIATION	THOUSANDS OF EUROS	
		IMPACT ON CONSOLIDATED RESULTS	IMPACT ON CONSOLIDATED EQUITY
U.S. Dollars / Euro	10%	(12,217)	(8,251)
Brazilian Real / Euro	10%	(1,758)	(793)
U.S. Dollars / Euro	(10%)	14,932	10,085
Brazilian Real / Euro	(10%)	2,149	969

REVENUE AND GROSS MARGIN

The Soltec Group has two main lines of activity: the installation and commercialization of photovoltaic solar trackers (industrial segment) and the development of installation projects to produce photovoltaic solar electric energy (project development segment).

The photovoltaic tracker business contributed almost all the Group's net revenue for 2020 and 2019. During 2020 the amount amounted to 235,646 thousand euros, a decrease of 34% compared to the net sales amount for the fiscal year 2019, which amounted to 356,672 thousand euros.

For the fiscal l year 2019, there was an increase in revenue of 115% from an amount of 165,954 thousand euros in the fiscal year 2018 (according to the consolidated financial statements prepared under IFRS of Soltec Energías Renovables, S.L.U. and subsidiaries) to 356,672 thousand euros in the fiscal year 2019.

With respect to the line in charge of carrying out projects of facilities for the production of photovoltaic solar electric energy, due to the degree of maturity of the same, the net amount of revenue amounted in 2020 and 2019 to an amount of 632 thousand euros and 140 thousand euros, respectively.

The loss of revenue in 2020 compared to 2019 is mainly due to the impact on the COVID19 market. The effects of the pandemic have led to delays in the administrative processes and in obtaining certain licenses for our customers, as well as partial interruption in construction work. These events, together with the increase in modules in the last months of the 2020 financial year, have led to a delay in the execution of our projects already signed, so that an amount of 190,043 thousand euros of our contracts signed as of December 31, 2020 is pending execution for 2021.

The breakdown of revenues by geography is shown below:

REVENUE (thousands of euros)	2020	2019	% 2020	% 2019
Spain	68,497	73,521	29%	21%
Brazil	43,259	104,508	18%	29%
North America (*)	46,693	131,835	20%	37%
Rest of South America (*)	60,090	39,961	25%	11%
APAC (*)	13,922	5,511	6%	2%
Others (*)	3,185	1,476	1%	-
Total	235,646	356,812		

(*) **North America**: United States of America and Mexico. **Rest of South America**: Argentina, Chile, Colombia and Peru. **APAC**: Australia, India and Thailand. **Others**: Denmark, Egypt, Israel, Jordan, Kenya and Namibia.

EBITDA AND CONTRIBUTION TO EBITDA

EBITDA at the end of the fiscal year 2020 stood at a negative amount of 13,661 thousand euros compared to a positive 17,721 thousand euros in 2019. It should be noted that, with respect to the contribution of Revenue to EBITDA, for the fiscal year 2019 there was an increase of 57% compared to the previous fiscal year 2018, having increased from 3.17% to 4.97% in the fiscal years 2018 and 2019, respectively.

ADJUSTED EBITDA

Adjusted EBITDA at year-end 2020 was a negative 9,408 thousand euros compared to 20,373 thousand euros in 2019. This significant loss of EBITDA is mainly due to the business not incurred for COVID19 reasons and which has been carried forward to the fiscal year 2021.

RESULT FOR THE YEAR

The result for the fiscal year 2020 amounted to negative (4,928) thousand euros, this is mainly due to the impact of COVID19 on the industrial segment business. The result for the fiscal year 2019 amounted to a profit of 1,340 thousand euros, mainly derived from the increase in the Ebitda margin and the income recorded from the negative difference originating from the business combination in Brazil, partially offset by the start-up status of the operations of the business line in charge of carrying out projects of installations for the production of solar photovoltaic electric energy, the Group's financial expenses, as well as the evolution of the euro exchange rate against the dollar and the Brazilian real.

FINANCIAL POSITION

Short-term and long-term liabilities at December 31, 2020 amounted to 168,975 thousand euros compared to 233,148 thousand euros at December 31, 2019, a decrease of 64,173 thousand euros, mainly due to the decrease in liabilities with Solatio and the Group's reduction of activity in the last quarter.

The leverage position as of December 31, 2020 amounted to 37%, has decreased compared to that of fiscal year 2019 which was 46.15% of total consolidated assets.

	2020	2019
Loans (borrowings)	116,402	115,892
Total assets	311,436	251,130
Leverage	37%	46%

FINANCIAL DEBT

The heading of financial debt with credit institutions at the end of 2020 recorded an amount of 85,889 thousand euros. This financial debt is mainly composed of the syndicated loan that we signed in 2018 with a group of financial institutions. This loan is drawn down at the end of 2020 in the amount of 78,377 thousand euros. The main characteristics of the aforementioned loan are as follows:

17. The loan will only be used in the business line of supply and installation of trackers.
18. Unrestricted tranche for a maximum amount of 10 million euros to be used to finance working capital requirements.
19. Drawdown tranche in the amount of 70 million euros. This drawdown will be linked to the execution of supply and installation projects formalized by Soltec Energías Renovables, S.L.U. and subsidiaries, and its amortization is conditioned to the collections received as a result thereof.
20. 20 million to be used as guarantees for the supply, installation, faithful performance or guarantee of the contracts financed in the previous tranche.

This credit facility matures on September 28, 2021 and can be extended annually by agreement of the parties on two occasions. On February 11, 2021, the Group has completed the refinancing process of the syndicated credit facility, which has implied an increase in the guarantee line which has been established in a maximum amount of up to 110 million euros, financing limits of 90 million euros (10 million euros of free disposal and 80 million euros of conditional delivery) and a modification of the financial ratios established in the financing agreement (covenants) established as net financial debt over equity (see note 10.2 of the Notes to the consolidated financial statements).

OTHER FINANCIAL LIABILITIES

The amount recorded as other long and short-term financial liabilities amounts to 30,155 thousand euros, which were partially originated in 2020 as a result of:

- The acquisition of certain licenses for the development of photovoltaic parks in Brazil, specifically in the line of business responsible for the development of projects for the production of solar photovoltaic electric energy, for an outstanding amount of 8,011 thousand euros.
- The revolving loan with shareholders, whose outstanding balance (principal and interest) after such partial repayment is 1,204 thousand euros at December 31, 2020 (4,291 thousand euros at year end 2019, see note 15.2).
- As well as the accounting impact that the application of IFRS 16 "Leases" has had on the consolidated financial statements.

FUTURE DEBT EVOLUTION

The Soltec Group's medium- to long-term objective is to continue on the growth path of recent years, with the exception of the consideration of the fiscal year 2020year due to exceptional circumstances, and to continue strengthening its financial position, as it has done in the fiscal year 2020 with the capital increase that has allowed it to reinforce its financial position.

2.1.1 ALTERNATIVE PERFORMANCE MEASURES

The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU). In addition, it presents certain Alternative Performance Measures ("APMs") to provide additional information to enhance the comparability and understanding of its financial information, and to facilitate decision making and evaluation of the Group's performance. The APMs should be considered by the user of the financial information as complementary to the figures presented in accordance with the basis of presentation of the consolidated financial statements, but in no case as a substitute for them. The most significant APMs are as follows:

GROSS MARGIN

Definition: Net Revenue + Change in inventories of finished goods and work in progress - Supplies

Reconciliation: The reconciliation of this MPA to the consolidated financial statements for 2020 is as follows (figures in thousands of euros):

	2020	2019
Net Revenue	235,646	356,812
Changes in inventories of finished goods and work in progress	559	917
Supplies	(180,973)	(260,679)
Purchase of goods	(159,389)	(254,838)
Variation in inventories	(4,208)	9,820
Work performed by other companies	(16,810)	(15,661)
Impairment allowance for inventories	(566)	-
Gross margin	55,232	97,050

Explanation of use: The gross profit or margin is considered by the Parent Company's director as a measure of the performance of its activity, since it provides information on the gross profit or margin from the execution of the projects, which is obtained by starting from external sales and subtracting the cost incurred to achieve such sales. This margin is the best measure of the cost of manufacturing and supplying photovoltaic trackers.

Comparison: during the fiscal year 2020, the Group's gross margin decreased by 43% in absolute terms, mainly due to additional costs incurred as a result of COVID19.

GROSS MARGIN ON SALES

Definition: Gross margin / Net Revenue

Reconciliation: The reconciliation of this MPA to the consolidated financial statements for 2020 is as follows (figures in thousands of euros):

	2020	2019
Gross margin	55,232	97,050
Net Revenue	235,646	356,812
Gross margin on Net Revenue	23%	27%

Explanation of use: The gross margin on sales is considered by the Parent Company’s director as a measure of the performance of its activity, since it provides information on the percentage contribution that this margin represents on the number of sales. This contribution makes it possible to perform comparative analyses on the evolution of the margin of the projects for the Parent Company’s director.

Comparison: During fiscal 2020, the gross margin on sales has decreased by 14% compared to fiscal 2019, mainly due to additional costs in transportation over purchasing and raw materials themselves as a result of COVID19.

NET MARGIN

Definition: Gross margin - Other personnel expenses - Other operating expenses + Losses, impairment and variation in provisions for commercial operations (See note 10.1.2) - Provision for guarantees (See note 13).

Reconciliation: The reconciliation of this APM to the consolidated financial statements for 2020 is as follows (figures in thousands of euros):

	2020	2019
Gross margin	55,232	97,050
Personnel expenses	(36,429)	(32,309)
Other operating expenses	(45,883)	(49,750)
Losses, impairment and variation of provisions for commercial operations (See note 16.5)	4,253	2,652
Net margin	(22,827)	17,643

Explanation of use: The net margin is considered by the Parent Company's director as a measure of the performance of its activity, since it provides information on the net margin of the projects that have been manufactured and installed during the period.

This net margin is calculated on the basis of the gross margin, net of personnel expenses and operating expenses, excluding losses, impairment losses and changes in trade provisions recorded during the year, adjusted by the provisioning of provisions for guarantees.

Comparison: During 2020 the net margin has decreased by 229% with respect to 2019, mainly due to the growth that has occurred in the company's structure and the delay in the projects, either due to the processing and start-up processes, or due to the substantial increase in the acquisition price of photovoltaic solar modules, which has caused some customers to decide to postpone the start of the projects. This has had an impact on the expected turnover for 2020, shifting the business to 2021. All these impacts are a consequence of COVID19.

NET MARGIN ON SALES

Definition: Net margin / Net revenue

Reconciliation: The reconciliation of this APM to the consolidated financial statements for 2020 is as follows (figures in thousands of euros):

	2020	2019

Net margin	(22,827)	17,643
Net Revenue	235,646	356,812
Net margin on Net Revenue	n.m.	5%

Explanation of use: The net sales margin is considered by the Parent Company's director as a measure of the performance of its activity, since it provides information on the percentage contribution that such margin represents on the net sales amount. The Parent Company's director considers that this contribution allows comparative analyses to be made on the evolution of the margin of the projects considering the direct and indirect costs associated with their execution.

EBITDA

Definition: Net Margin + Other operating income + Work performed by the Group on its assets - Losses, impairment and variation in provisions for commercial operations (See note 10.1.2) + Provision for guarantees (See note 13).

Reconciliation: The reconciliation of this APM to the consolidated financial statements for 2020 is as follows (figures in thousands of euros):

	2020	2019
Net Margin	(22,827)	17,643
Other operating income	2,598	1,762
Work performed by the Group for its assets	3,445	968
Losses, impairment and variation in provisions for commercial operations	(4,253)	(3,151)
Results from the loss of control of SPVs	7,376	-
EBITDA	(13,661)	17,721

Explanation of use: EBITDA is considered by the Parent Company's director as a measure of the performance of its business as it provides an analysis of the result for the year (excluding interest and taxes, as well as depreciation and amortization) as an approximation of operating cash flows reflecting cash generation. In addition, it is a measure widely used by investors when valuing companies, as well as by rating agencies and creditors to assess the level of indebtedness by comparing EBITDA with net debt and also by comparing EBITDA with debt service.

Comparative: During 2020 EBITDA has decreased by 177% compared to 2019, mainly due to the large decrease in the group's Net Margin, 229% compared to 2019. As explained in previous comparatives, the impact of COVID19 to revenue will be recovered in the following fiscal year.

ADJUSTED EBITDA

Definition: EBITDA + Losses, impairment and change in provisions for commercial operations (See note 16).

Reconciliation: The reconciliation of this APM to the consolidated financial statements for 2020 is as follows (figures in thousands of euros):

	2020	2019
EBITDA	(13,661)	17,721
Losses, impairment and variation of provisions for commercial operations (See note 16.5)	4,253	2,652
Adjusted EBITDA	(9,408)	20,373

Explanation of use: Adjusted EBITDA is considered by the Parent Company's director as a measure of the performance of its business, as it provides an analysis of operating results excluding commercial provisions that do not represent cash outflows.

Comparison: During 2020, Adjusted EBITDA has decreased by 146% with respect to 2019. This decrease, as well as EBITDA, is mainly due to the impact of COVID19 on the group's Net Margin, which has decreased by 229%. The growth that has taken place in the company's structure and the delay in projects, either due to the processing and start-up processes, or due to the substantial increase in the acquisition price of photovoltaic solar modules, which has caused some customers to postpone the start-up of projects. This has had an impact on the expected turnover for 2020, shifting the business to 2021. All these impacts are a consequence of COVID19. The delays suffered, in the opinion of the directors, are merely transitory in nature and do not significantly alter the fulfillment of the Group's long-term business plan.

BORROWINGS

Definition: Current bank borrowings + Non-current financial liabilities + Other current financial liabilities + Derivatives

Reconciliation: The reconciliation of this APM to the consolidated financial statements for 2020 is as follows (figures in thousands of euros):

	2020	2019
Current debts payable to credit institutions	85,889	82,320
Non-current financial liabilities	19,414	15,552
Other current financial liabilities	10,741	15,552
Derivatives	358	2,468
Borrowings	116,402	115,892

Explanation of use: Borrowings are considered by the Parent Company's director as a measure of the performance of its business as they measure the Group's financial position and are necessary for the calculation of leverage figures typically used in the market.

Comparative: During fiscal 2020 Borrowings have increased by 0.4% compared to fiscal 2019, this increase is very slight and is due to the financing obtained by the Group's project development segment during fiscal 2020.

NET FINANCIAL DEBT

Definition: Borrowings - Current financial assets - Cash and cash equivalents (excluding those other components of cash that are pledged as collateral for the syndicated loan).

Reconciliation: The reconciliation of this APM to the consolidated financial statements for 2020 is as follows (figures in thousands of euros):

	2020	2019
Loans (borrowings)	116,402	115,892
Current financial assets (Note 10.1.2)	(2,155)	(3,191)
Cash and cash equivalents (Notes 10.1.2.ii)	(125,748)	(25,935)
Net Financial Debt	(11,501)	86,766

Explanation of use: Net Financial Debt is a financial measure of a company's net debt position. In addition, it is widely used by investors when assessing the net financial leverage of companies, as well as by rating agencies and creditors to evaluate the level of net indebtedness.

Comparison: In 2020, the net financial debt is negative compared to 2019, mainly due to the cash inflow from the capital increase of 150 million euros through cash contributions (Note 12.1).

LEVERAGE

Definition: Borrowings / Total assets.

Reconciliation: The reconciliation of this APM to the consolidated financial statements for 2020 is as follows (figures in thousands of euros):

	2020	2019
Loans (borrowings)	116,402	115,892

Total assets	311,436	251,130
Leverage	37.38%	46.15%

Explanation of use: Leverage is an indicator that measures the company's debt position. It is widely used by investors when assessing the financial leverage of companies in the sector, as well as by rating agencies and creditors to evaluate the level of indebtedness.

Comparison: During fiscal year 2020, financial leverage has decreased by 19% with respect to fiscal year 2019, this increase is due to the increase in total assets with respect to the previous fiscal year. This increase in assets was mainly due to the Cash and cash equivalents item.

RETURN ON CAPITAL EMPLOYED (ROCE)

Definition: Adjusted EBITDA / (Shareholders' Equity + Net Financial Debt).

Reconciliation: The reconciliation of this APM to the consolidated financial statements for 2020 is as follows (figures in thousands of euros):

	2020	2019
Adjusted EBITDA	(9,408)	20,373
Shareholders' Equity	142,461	17,892
Net Financial Debt	(11,501)	86,766
ROCE	(7.18%)	19.45%

Explanation of use: *Return on capital employed* (*ROCE*) is considered by the Parent Company's director as a measure of the performance of its activity, since it measures the profitability of a company taking into account a particularly relevant issue, namely the efficiency with which capital is employed. It is widely used by investors when assessing the real profitability of a company.

Comparison: The ROCE obtained for 2020 is negative, mainly due to the Adjusted EBITDA and its decrease of 146% with respect to 2019, this decrease, as previously mentioned, is mainly due to the impacts of COVID19 on the projects and their execution. The delays suffered, in the opinion of the directors, are merely transitory in nature and do not significantly alter the fulfillment of the Group's long-term business plan.

2.2 NON-FINANCIAL KEY INDICATORS

Based on the analysis of relevant priority issues, the Soltec Group's sustainability practices have been developed.

The Soltec Group consolidates its commitment to an open and continuous dialogue with its stakeholders with the aim of adding value through an open and participative attitude. By promoting this dialogue in the business strategy, improvements in competitiveness and in the quality of products and services are produced.

Stakeholders are an important pillar in the success of the organization and, therefore, the Group continually strives for effective engagement to obtain their important input and concerns. It seeks to build and develop transparent solutions based on trust with all stakeholders, respecting their views, key expectations and concerns as business strategies are developed.

The Soltec Group regularly engages with stakeholders through the stakeholder engagement process, for which multiple communication channels are in place. Detailed stakeholder engagement helps to define the main material issues, which are clearly expressed in future decisions and aspirations.

The Soltec Group evaluates materiality issues by considering the importance of economic performance, expansion of operations and territorial presence, relations with stakeholders, especially customers, employees, and suppliers, as well as engagement in social issues, mainly associations, local community and public administration and environmental issues, mainly emissions, energy consumption, waste management as well as regulators, financial market, investors, and shareholders.

Within the Soltec Group, socially responsible behavior is manifested in respect for the rights of workers, free collective bargaining, equal opportunities between men and women, non-discrimination based on age, racial origin, religion or disability, and the prevention of employee health risks.

In this model, ethical, responsible and sustainable management is the reference framework for the team. This, together with the corporate commitments mentioned above, will enable the Group to adapt to the changes that are continually occurring today.

The stakeholder assessment has provided the Soltec Group's sustainability context, helping them to align strategy with stakeholder expectations, as well as improve environmental, social and economic behavior and performance in the coming years, considering the conceptual frameworks identified in its sustainability policy: Spanish Constitution, draft law on climate change and energy transition, CNMV Code of Good Governance, integrated national energy plan and Climaontract, decarbonization strategy 2050, circular economy strategy and United Nations Paris agreement.

The Soltec Group contributes to the economic and social development of its environment. The creation of wealth, employment and knowledge are the main benefits generated.

Through this statement of non-financial information, all aspects identified as material are included, aligned with the requirements contemplated by Law 11/2018 on non-financial information.

ENVIRONMENT

The Soltec Group is fully committed to respect and care for the environment and is aware of its commitment to its customers and society in general, which leads them to work constantly and recurrently to minimize the impact of their activities on the environment. In this sense, they have developed a series of internal mechanisms that lay the foundations for their commitment to the environment, among which the quality, environment and health and safety management system and the existence of a specific health, safety and environment department that supervises compliance with all environmental measures stand out as a central framework.

For the management and coordination of all the Group's environmental actions related to the design, manufacture and assembly of solar trackers, the environmental management system implemented at the Group's sites in Murcia, Mexico, Brazil and Chile, based on ISO-14001:2015, is monitored periodically.

The Group's quality, environment and health and safety policy establishes the following principles that must be applied in the Group:

- Ensure that services comply with applicable specifications, standards and codes, as well as applicable legislation and regulations regarding quality, environment and occupational safety.
- Establish actions and programs aimed at continuous improvement, pollution prevention and the prevention of damage and deterioration of health, both in the quality of services, as well as in the respect, protection of the environment and people's safety.
- Incorporate into services, management based on minimizing or eliminating environmental impacts and making this objective compatible with the rational use and consumption of raw materials, energy and natural resources.
- To increase customer satisfaction, assuming the concepts of quality and respect for the environment and commitment to safety at work.
- Maintain permanent communication with the interested parties, to be able to collaborate jointly in the improvement of performance, both in technical aspects, as well as in quality, occupational risk prevention and environmental aspects.
- Stimulate and motivate personnel, through the necessary training and awareness, to promote their integration in the management and development of the quality, environment and occupational health and safety system.
- Establish mechanisms to encourage worker participation to improve health and safety in the workplace.

In addition to the framework established by this policy, to carry out the strategic planning of the environmental management system, the Group's EHS department is responsible for identifying those environmental aspects and determining the different areas that may have a significant impact on the environment.

Within the Soltec Group's processes, it is important to highlight not only the processes for the environmental management of the organization itself, but also an environmental management plan for its implementation in the solar tracker installation projects, which takes into consideration the specific environmental legislation in the different countries where the projects are carried out.

The identification of the main environmental impacts and risks takes into consideration the different stages of the life cycle of the products and services offered by the Group.

The main environmental risks to be considered by the Soltec Group are the use of raw materials, waste generation, noise pollution and atmospheric emissions from energy consumption.

As a result of the environmental management plan and the main risks identified, environmental monitoring plans are drawn up for the projects with the aim of establishing a mechanism to ensure compliance with the proposed protective and corrective measures and the detection of unforeseen alterations.

As a further line of environmental risk control, the control of the applicable legal requirements at international, state, autonomous community and local level is implemented, thanks to which no significant non-compliance has occurred during the period covered by this statement of non-financial information.

In addition, periodic internal audits are carried out by the health, safety, and environment department, covering both the central offices and the ongoing projects for the design, manufacture and installation of solar trackers.

Finally, it is worth mentioning the awareness and training actions carried out for all Soltec Group employees, whose objective is to make them aware of the need to save resources in their work environment and reduce the environmental impacts derived from daily activities, thus contributing to reduce their ecological footprint. In this context, the Group's manual of good environmental practices serves as a basis for employee training and awareness-raising.

CONTAMINATION

The Soltec Group has modeled economic growth based on respect for the environment through innovation and optimization of photovoltaic technology.

Thanks to its cutting-edge technology, the Group continues to strengthen its position in the solar photovoltaic market with revolutionary products such as its monofacial and bifacial solar trackers. The functionality of the solar trackers is to make the photovoltaic module rotate around its axis following the direction of the sun, thus generating more energy. During the fiscal year 2020, projects with a cumulative power of 1,752 MW have been completed, leading to a reduction of 1,402,008 CO2 emissions (Tn) (2,909 MW of cumulative power, leading to a reduction of 2,326,912 CO2 emissions (Tn) in 2019).

On the other hand, the standard factory service includes the innovative Solhub storage and logistics system, which delivers within the agreed deadlines without intermediary transport companies. In addition to providing the best service, this allows us to maintain total control over the entire process, control CO2 emissions, have proper control over hazardous waste management and, in short, be responsible for environmental sustainability.

At the same time, the Soltec Group is responsible for implementing measures to reduce pollution from spills, noise, and soil pollution. The carbon emissions derived from the combustion of its vehicles are checked to ensure that they have passed all regulatory controls, and the speed at which they can circulate quickly on site is limited, guaranteeing lower gas emissions.

Likewise, noise control measures are carried out in the projects using noise reduction systems in machinery and construction vehicles, verification of machinery manufacturers' certificates of conformity, the use of low sonic level compressors and drills, and periodic reviews of machinery and silencers.

CIRCULAR ECONOMY: WASTE PREVENTION AND MANAGEMENT

The Soltec Group understands that the transition from a linear to a circular economy is a key step in environmental improvement and care, as it entails a considerable reduction of waste through an optimal use of available resources.

The Soltec Group makes sure to follow a methodology to properly manage the waste generated throughout the Group and to transmit it to both employees and the people responsible for its internal or external management.

Periodic training is provided to both employees and subcontractors, in which a series of good practices are taught, and emphasis is placed on the importance of proper waste segregation for recycling.

The Group's activity generates different types of waste, non-hazardous and hazardous, due to the diversity of activities carried out at its work centers from office, logistics, manufacturing, installation, and maintenance activities.

The amount of hazardous waste, mainly oils, and non-hazardous waste, mainly plastic, paper and cardboard and wood, generated during 2020 and 2019 are presented in the following table:

	Tons	
	2020	2019
Dangerous	13	12
Non-hazardous	1,400	1,464
Total	**1,413**	**1,476**

In all projects there is a measurement of the waste generated, developing different alternatives in relation to the same, among which stand out the reuse within the projects themselves or recycling activities such as cardboard or wood.

The Group has contracted external companies as authorized managers for the collection and management of hazardous waste produced, in accordance with current legislation.

All hazardous waste is properly labeled, allowing quick identification, and informing both users and managers of the associated risk. In addition, all the Group's work centers that generate hazardous waste have a properly marked storage place.

The size and characteristics of the hazardous waste storage area are commensurate with the volume of hazardous waste generated at the work center. The safety, health and environment department carry out periodic reviews of the condition of the hazardous waste storage areas to detect anomalies, possible improvements, and to verify that internal hazardous waste management is being carried out correctly.

On the other hand, the Soltec Group in Spain registers all its production centers in the register of small waste producers of the General Directorate of the Environment, keeping each register updated in accordance with the regulations published by the Ministry of the Environment at any given time. In relation to the aforementioned area, each country takes into consideration the local legislation in this regard.

SUSTAINABLE USE OF RESOURCES

The Soltec Group aims to integrate sustainability into business management and decision making in line with the United Nations Sustainable Development Goals, while generating value for both society and the company.

Its purpose is to be able to meet current needs without compromising the ability of future generations to meet theirs, ensuring a balance between economic growth, environmental care and social welfare.

CLIMATE CHANGE

The Soltec Group is committed to the fight against climate change, aiming to be a greenhouse gas (GHG) neutral company in the long term, with a progressive reduction of emissions planned in the short and medium term.

To this end, in the case of Spain, the Group only works with electricity suppliers with an electricity mix that does not generate CO2 emissions or other GHGs through its electricity consumption and is committed to not varying this selection criterion. In addition, from the paradigm of sustainability, the Group is committed to progressively reduce its electricity consumption, carrying out control and awareness campaigns, changing equipment for more efficient ones, etc.

On the other hand, the Group in Spain has implemented a plan to reduce its carbon footprint, in which it continuously monitors its emissions and is committed to reduce them year by year. It is worth mentioning that the carbon footprint generated by the Soltec Group is very small, considering the size of the organization, but even so, the Soltec Group seeks excellence with low emissions, and is committed to achieving it.

PRECAUTIONARY PRINCIPLE

As far as the precautionary principle is concerned, it is not appropriate for the Soltec Group to address this principle, as the Group's activities do not generate impacts that could cause serious or irreversible damage to the environment.

BIODIVERSITY

The Soltec Group has an environmental management plan that serves as support during the construction process of photovoltaic installations with the company's products. The environmental management plan provides for the control of potential impacts on flora and fauna, among other aspects. In this way, biodiversity protection mechanisms are foreseen in operations where there could be some type of impact, beyond the operations that are usually carried out in industrial areas that do not present any risk of impact on biodiversity.

STAFF

Under the slogan **"Our Energy is the People",** at Soltec we are committed to the real engine that drives the company: people.

Our commitment to people is to focus our efforts on creating a culture based on a safe and healthy work environment, equal opportunities and motivation as the cornerstones for achieving employee satisfaction.

During 2020, we worked hard to integrate transparency in the selection and internal promotion of our professionals. Including **new methods** in the selection process, together with the implementation of a **Management by Objectives** and **Performance Evaluation** system, has allowed us to lead our teams towards excellence, creating a safe environment in which to develop. In addition, digital transformation has been another of our challenges during this year, which we will continue to develop during 2021 to promote the use of technological tools and thus automate most of the processes.

Another novelty has been the priority given to the well-being of the workforce through the design of a Corporate Wellness program. **Soltec Wellbeing** was born in 2019 as a set of actions with the aim of promoting the emotional and physical well-being of all team members both inside and outside the work environment. Through this program we seek to generate a greater sense of company, improve horizontal and vertical relationships, positively impact the work climate and promote employee engagement.

Training is another of our strategic lines. Under the principles of equality and transparency, we design an annual **training plan** accessible to all employees both in projects and in the Group's subsidiaries, guaranteeing quality employment and continuous training. In parallel, we contribute to the training of new engineers by conducting innovation-based training courses. In this constant search for the best prepared professionals, we designed the **Solteach** Scholarship, with the purpose of instructing recently graduated engineers in the field of solar energy, together with other courses such as **Soltech On-Site**, focused on training professionals in electronics and electricity in the field work required for the correct operation and installation of photovoltaic plants. These courses aim to introduce the student to the fundamental aspects of the international photovoltaic market and the processes that follow our products. We believe that this contributes to the progress of society in general and to the professional updating of our employees.

Geography	2020	2019	% 2020	% 2019
Spain	603	660	50%	41%
Brazil	200	656	17%	40%
North America (*)	174	234	14%	14%
Rest of South America (*)	223	68	18%	4%
APAC (*)	7	11	1%	1%
Total Employees	1,207	1,629		

(*) **North America**: United States of America and Mexico. **Rest of South America**: Argentina, Chile, Colombia and Peru. **APAC**: Australia, India and Thailand.

Category	2020	2019	% 2020	% 2019
Director/Department	28	74	2%	5%
Manager	278	171	23%	10%
Technician	284	269	24%	17%
Administrative	127	140	11%	9%
Operator	490	975	41%	60%
Total Employees	1,207	1,629		

HUMAN RIGHTS

As a responsible company, the Soltec Group is committed to respecting and complying with numerous applicable laws, regulations and other legally binding standards. In this way, the Group's employees are committed to respecting the laws in force in the countries where they operate and to refrain from any action that could be detrimental to the interests of the company.

The Soltec Group may be held legally liable for violations of laws and other mandatory regulations, as well as for any other unlawful activities of its employees, and the Group expects all employees to act lawfully, ethically and professionally in the performance of their duties.

The commitment to comply with the legislation in all areas in each of the places where its activity is developed, is an inexcusable premise and of essential relevance to maintain and improve trust with citizens and society.

FIGHTING CORRUPTION AND BRIBERY

At every step of the business, from corporate governance to operations and supply chain, the Group strives for integrity, respecting fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption. The Soltec Group is committed to zero tolerance towards fraud, bribery or corruption that may occur in its operational environment, either by its professionals or by third parties with whom it collaborates.

The Soltec Group has management tools that guarantee that all employees act with integrity, complying with the law and respecting people and human rights. Specifically, the Group has developed a code of conduct, applicable to Soltec Power Holdings, S.A. and Soltec Energías Renovables, S.L.U., which will be progressively implemented in the rest of the companies and whose purpose is to establish the guidelines and action guidelines for all its administrators, managers and workers in their daily performance, with respect to the relations it maintains with all its stakeholders, with a transparent, effective and efficient management of resources, being honest with customers, suppliers, institutions, and being socially and environmentally responsible.

The Group's code of conduct is based on the definition of the Group's mission, vision, values and principles, and stands as an action guide to ensure an adequate performance in the professional performance of its employees, adapting and accommodating to the legislation in force in the country where the Group carries out its activities, as well as with the internal policies and protocols. Likewise, the Group promotes and encourages its suppliers and collaborating companies to adopt the behavioral guidelines developed in this code of conduct.

3. LIQUIDITY AND CAPITAL RESOURCES

3.1 LIQUIDITY

The most significant financial resources of the Group, as well as the policy we follow for their use, are described below.

Item (thousands of euros)	2020	2019
Cash and cash equivalents	125,748	25,935
Current financial assets - (note 10.1.2)	2,155	3,191
Current financial liabilities (Short-term debt)	96,988	100,340
Non-current financial liabilities (Long-term debt)	19,414	15,552

Prudent liquidity risk management implies the maintenance of sufficient cash and the availability of financing through a sufficient amount of credit facilities. In this sense, the Group's strategy is to maintain, through our financial department, the necessary flexibility in financing through the availability of credit lines. At the end of the fiscal year 2020, the difference between current assets and current liabilities amounted to a positive amount of 103,270 thousand euros. The composition of the working capital should be understood separately for the industrial segment and for the project development segment.

INDUSTRY SEGMENT

21. The working capital of this segment amounted to 45,698 thousand euros at the end of December 31, 2020. Although the magnitude of the Working Capital considered in isolation is not a key parameter for the understanding of the Group's consolidated financial statements and their corresponding notes, the Group actively manages the Working Capital through the effective management of working capital and Net Financial Debt, based on the solidity, quality and stability of the relationships with its customers and with the partners with which it has made investments in other countries, as well as an exhaustive monitoring of its situation with financial institutions. The composition of the Working Capital is affected by the decision to classify as short-term the syndicated revolving credit financing maturing on September 28, 2021 (See note 8.2 of the interim financial statements) due to the nature of the financed contracts.

PROJECT DEVELOPMENT SEGMENT

22. During the year 2020 Powertis has consolidated the expansion of its operations with the identification of projects in the different regions of operation. During this year, progress has been made in the investment of projects in

Brazil, some of which are already in the RTB phase, and at the same time the development of various greenfield projects[5] in Spain has continued. In 2020, it is worth highlighting the deployment of operations in Italy, whose pipeline of projects has gained considerable weight in the company's portfolio this year. The development of these activities has required an investment effort by the company and its partners.

23. The working capital of the development area shows a positive amount, mainly due to the item recorded under the heading "Cash and cash equivalents" amounting to 55,471 thousand euros. This heading reflects the recent inflow of funds from the capital increase subscribed as a result of the IPO in October. Also of note with a positive effect is the classification as assets available for sale of the projects sold in Brazil (Leo Silveira) given that the directors consider that the carrying amount of these SPVs will be recovered through the sale transaction with a third party and that it is highly probable that the conditions for the transfer of control will be met in the short term.

24. Consequently, management will manage with sound financial planning to meet economic and financial objectives.

25. We are currently working on improving the terms and conditions of contracts with customers and diversifying the customer portfolio, to reduce the strong dependence on a reduced number of customers, as well as optimizing the terms of payment to suppliers. In this way, we are trying to mitigate the risk of non-payment or late payment by customers that could generate a cash deficit situation in the Group. Our efforts to change this situation are materializing. The following shows the relevance of each customer on the amount of sales over the last few years.

	2017	2018	2019
#1	Enel	Solaire Direct	Enel
#2	Solaire Direct	Enel	Power China
#3	Cypress Creek	TSK	Metka EGN
#4	Isolux Corsán	Scatec Solar	Ortiz Group
#5	Scatec Solara	Biosar	Sindustrial

26. Our most representative customers for fiscal 2020 were Enel Green Power, Newen Energias Renovables and Solarcentury Holdings Ltd. Transactions with each of these customers accounted for 21.8%, 12.5% and 12.5%, respectively, of net revenues during fiscal 2020. Diversification of the customer portfolio is a reality that is being experienced in the Group. In addition to the efforts to change and improve the customer portfolio, we are also committed to perfecting the terms and conditions agreed with suppliers, analyzing more carefully the risks of potential suppliers with whom we wish to contract. Through these measures we aim to achieve positive cash flows that mitigate

[5] Developed from the very beginning with the establishment of the SPV

the risks of insolvency or non-payment of the Group, reducing the consumption of external financing resources, maintaining the business in operation, and facilitating its growth.

3.2 CAPITAL RESOURCES

27. The Group's objectives in relation to capital management are to safeguard the Group's ability to continue as a going concern, to provide a return to its shareholders and to maintain an optimal capital structure by reducing the cost of capital.

28. The Group's industrial activity, in terms of the manufacture, supply and installation of solar trackers, where projects are financed under the umbrella of a syndicated loan negotiated from its parent company in Spain, with the main banks in the country, specifically adapted to the operation of the business in the industrial sector of photovoltaic technology. As for the project development business at the end of 2020, the projects under the company's management are at different stages of development. Distinguishing by geographical area, in South America the resources have been managed on the one hand to start new projects, and on the other hand to continue the development of those already started with the aim of completing their development and optimizing the rotation of these assets. For projects at an advanced stage, two financing agreements were signed in Brazil in 2020 for the construction of the Pedranopolis and Araxa projects. This financing has been signed with Brazilian development banks for a combined amount of 385,000 thousand Brazilian reais (60,406 thousand euros at the year-end exchange rate for 2020). In Spain, the funds have been used to identify and start the development of greenfield projects for several photovoltaic plants, mainly in the eastern part of the Iberian Peninsula.

29. In Spain during the year, resources have been allocated to advance in the development of projects already initiated, as well as to the development of new opportunities identified. In fiscal year 2020, RTB status was achieved for the first of the projects initiated, the construction of which is expected to be completed during the first months of fiscal year 2021.

Finally, Italy was the other market in which the company invested part of its resources. The fiscal year 2020 r saw the take-off of development operations in this country.

3.3 ANALYSIS OF CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET TRANSACTIONS

Note 8 to the consolidated financial statements for the year ended December 31, 2020 includes a breakdown of the contractual lease obligations assumed by the Group. We lease various assets, including land and assets and other assets subject to leases.

Note 13 to the consolidated financial statements includes off-balance sheet transactions, which correspond to guarantees and pledged collateral.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is committed to risk management. Risks are assessed and addressed through the Risk Management Department. Proper risk management is key to the responsible growth of the Group and the maintenance of its leading position in the global photovoltaic energy market. Over the past year, Soltec has undertaken numerous actions to professionalize this area of management and to ensure that all relevant risks and opportunities are properly managed.

Risk management is an inherent activity in all of Soltec's processes and, to this end, the company has set up a three-line risk management model.

The first line of action is the daily monitoring and control of risks carried out by all departments with the support of policies and procedures specific to their activity.

In addition, in a second line, there is the aforementioned risk management department, with periodic committees, which effectively monitors and systematizes the activity.

Finally, as a third line, there is an internal audit department to ensure the correct operation of the Group's companies, and to provide independent and objective advice to the risk department.

This internal audit department not only considers financial aspects, but also defines the scope of each audit based on the risk assessment carried out in the planning phase, considering both financial and operational risks (Logistics, Purchasing, Human Resources, Projects). Throughout 2020, this area has worked on the design of a strategy for the operation of the department, as well as on the development of an audit plan for 2021, which has been approved by the Audit Committee.

In risk management, the Group has opted for a systematization that allows the entire organization to carry out appropriate and effective management from the first line of risk management.

Risks are classified into operational, strategic and regulatory risks and financial risks.

3.3.1 OPERATIONAL, STRATEGIC AND REGULATORY RISKS

The operational risks that affect us are detailed below:

UNCERTAINTY IN THE RENEWABLE ENERGY MARKET

Overall, the solar energy market is still developing, and expectations for demand for solar energy products and services are uncertain. In recent years, demand in Europe has increased, as well as in other regions such as the United States, China, India and emerging markets in Latin America, Asia and Africa. However, there can be no assurance that this positive trend will continue indefinitely. In addition, this changing environment is also affected by the pandemic situation.

The main mitigation measures for this risk include the following: sizing of resources to address all delayed projects during 2020; commercial follow-up with major clients; prospecting for new clients; follow-up on opportunities due to regulatory changes and budget allocation; and local presence in key countries.

INTERRUPTION OR CESSATION OF OPERATIONS

We also face an operational or business interruption risk. Our normal operations may be affected by supply interruptions, system failures, or natural disasters.

The main mitigation measures for this risk include transfer to the insurance market; transfer of ownership and risk to clients; local presence in key countries; and diversification of suppliers both in terms of companies and geographically.

ADJUSTMENT DIFFICULTIES

Our activities are carried out in numerous countries around the world. Our objective is to expand our market share in those markets in which we already operate and to enter new countries in the future. As a result, there are numerous risks that arise from having operations spread across different geographic areas, such as political, legal, labor and tax risks, which could have a material adverse impact on the business, its financial conditions, results and future prospects. These risks include, among others, adaptation to the regulatory environment of each country and to any legislative changes that may occur, the absence and/or repeal of favorable treaties or agreements with local or political authorities in each country, and economic, political or social tensions.

The main mitigation measures for this risk include local presence in key countries; local legal and tax advice; monitoring of local design regulation updates; and transfer to the client with regulation of change of law and variation clauses.

GROWING COMPETITIVENESS

Increasing competitiveness in the solar tracker industry has led to a global decline in prices in recent years, which has had a significant impact on our business. In particular, the unit price of solar trackers has been progressively decreasing. The drop in prices is also due to the action of governments, which are imposing trade barriers for solar products, and to the continued reduction of financial support for the solar industry in those countries where we have subsidiaries, such as the United States.

On the other hand, in this highly competitive market, some of our competitors have greater experience or recognition, access to a larger customer base or resources and have access to economies of scale. In addition, there is a potential risk that new competitors or alliances among existing competitors may emerge to gain significant market share.

The main mitigation measures for this risk include the following: design optimization through investment in R&D&I; new products; study of synergies and new business lines; continuous improvement systems; local presence in key countries; agreements with key players in the industry; optimization of supplier prices; establishment of framework agreements with suppliers; and monitoring of raw material price fluctuations.

INTERRUPTION OR CESSATION OF OPERATIONS

We also face an operational or business interruption risk. Our normal operations may be affected by supply interruptions, system failures, or natural disasters. For this reason, we have insurance policies to cover us for these types of damages; however, they could cause significant damage to our results and future operations.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

Since our creation, we have invested in the research and development of new products and services. This has allowed us to occupy an advantageous position with respect to our competitors, which we must preserve by investing heavily in the protection of our intellectual property. Intellectual property rights provide only limited protection, so the actions we take to protect these rights must be appropriate, otherwise our competitive advantage could be threatened.

The main mitigation measures for this risk include the following: ISO 27001 certification; designation of a security manager; implementation of access control at headquarters; conducting a security audit; and non-competition covenants for key personnel.

REGULATORY NONCOMPLIANCE

We are subject to extensive environmental, health and safety regulation, as well as political, social, environmental and community actions. Failure to comply with these could result in adverse publicity for the Group and potentially significant monetary damages, culminating in suspension or cessation of business operations. Consequently, we invest a great deal of effort in ensuring compliance with all relevant regulations and actions.

In addition, we are subject to numerous international, EU, national, regional, and local laws, regulations and policies in the markets in which we operate. Any changes to existing regulations could present technical, regulatory, and economic barriers, which could significantly reduce demand for our products and services.

The main mitigation measures for this risk include local presence in key countries; local legal and tax advice; monitoring of local design regulation updates; regulatory transfer of change of law and variation clauses to the client; and requiring clear project specifications from clients.

COVID-19 RISK

Despite advances in virus prevention techniques, in particular with the success demonstrated by the vaccine, due to the uncertainties regarding the potential effects of this extraordinary health emergency situation in the future, the consequences of COVID-19 for the Group's operations are uncertain and will depend to a large extent on the evolution of the vaccination plan established by the various governments worldwide and the evolution of the pandemic in the coming months. Thus, at the date of preparation of these consolidated financial statements, the potential impact on the Group in the coming months is uncertain and it is not possible to reliably assess the consequences on the Group's future operations and its ability to recover the value of its assets in the short term.

However, the Group's management has made an assessment with the best available information of the economic, social and labor impacts that the pandemic caused by COVID-19 is having on the Group to date, analyzing the effects and possible consequences in the fiscal year 2021, despite the current uncertainty about its consequences.

3.3.2 FINANCIAL RISKS

The main risks related to our financial situation that affect us are detailed below:

MARKET RISK

The existence of bank indebtedness referenced to variable interest rates, in part of the financial debt, means that we are subject to the risk of interest rate variation, which directly affects the profit & loss account and the cash generation of the business.

Every year we prepare a business model that establishes a 3-year forecast of how the main financial figures will behave, based on the business outlook, reviewed with the rest of the company's departments.

This exercise shows how the cash flow will behave, the main financial ratios of the company, how sales will evolve, among others, and therefore serves to draw the long-term financing needs of the company, to facilitate the success of the business.

Financing structure. Industrial segment

Due to the nature of the company's business model, as long as we are able to achieve a balance between the methods of payment to suppliers and the methods of collection from our customers, a very high financing structure should not be necessary, even more so as we achieve greater size and solvency ratios, at which time its negotiating capacity with both customers and suppliers will be greater. This is possible because the company does not require intensive investment in non-current assets.

In view of the foregoing, it is the parent company of the tracker installation and supply segment, Soltec Energías Renovables, S.L.U. which contracts and manages the Group's financing because (i) it has the greatest solvency, and therefore can obtain the largest amount at the best price, (ii) it is in Spain where the Group's ownership and senior management are located, in addition to the specialized financial technical team and (iii) as a consequence of the fact that it is with Spanish banks with whom the relationship of mutual knowledge and trust has been developed, which is funded in euros with the European Central Bank.

The financing is in euros because (i) it is the company's functional currency, (ii) the macroeconomic environment means that the reference rates are negative, which makes debt service more attractive than in other currencies, such as the US dollar, and (iii) also because, since the company was created in Spain, the main relationships to date have been with Spanish banks, which are able to offer financing in euros at more competitive prices.

In relation to the interest rate risk implicit in the financing, we seek to minimize any relevant risk in each of the areas, although, as is currently the case, whenever the financing is through a line of credit, where there is no certainty of the balances drawn down, hedging is not considered efficient in these circumstances.

Financing structure. Project development segment

Within the development division, at year-end 2020, there is bank debt at a variable rate that may have an effect on the company's profit & loss account in the event of variations in this rate.

At present, the bank indebtedness maintained by this division can be considered operational, so that these resources have been applied mostly to finance structural expenses and part of the development costs incurred. As the photovoltaic solar plant development projects mature, financing structures associated with *Project Finance* and with a longer-term debt life will be required, which will increase the risks of variations and will require a stricter definition of financial policies on the part of the company.

EXCHANGE RATE RISK

Our business is highly internationalized and therefore subject to the influence of several currencies. Among these currencies, the U.S. dollar and the Brazilian real are particularly important.

Exchange rate risk is manifested differently in each of the Group's segments.

Industrial segment

Given the Group's strategy, which is very focused on the international business, both in terms of sales and purchases, and the fact that most of the costs of the head office are in euros, it is significantly exposed to exchange rate risk.

Exchange rate risk is generated through two channels:

a) Through projects.

A large part of sales is made in currencies other than the euro, which is why we have a policy of hedging all relevant open positions, except for exceptions authorized by financial management.

It should be remembered that in some cases, due to the characteristics of the project, it will be possible to offset the exchange rate risk by bringing the payment of some services (salaries, purchases from local suppliers, etc.) to the currency of collection. This compensation can only be carried out after a detailed study by the financial department of the cash flows of the projects.

b) Through financing to its subsidiaries.

International growth creates opportunities to set up new subsidiaries in different countries. Although these subsidiaries may be created with specific projects to carry out, it is common for them to initially require financing to start operating. For these needs, the parent company sends financing to its subsidiary, establishing amortization schedules for both capital and interest.

When the functional currency of the subsidiary is different from EUR, the parent company will assume the exchange rate risk, establishing such financing in the currency of the subsidiary, except for exceptions at the discretion of the financial management.

The main tools used by the company are:

- Natural hedging, by minimizing the use of different currencies for each project.

- Derivative contracts to fix exchange rates through forward contracts.

At year-end 2020, the company has contracted exchange rate insurance for the sale of Brazilian reais and U.S. dollars, and exchange rate insurance for the purchase of Chilean pesos, insurance specifically taken out to cover cash flows of projects under execution.

Project development segment

The Group's project development has an international presence, grouping projects in Latin America, with Brazil, and Europe, with projects in Spain and Italy.

In the development area, the greatest exchange rate risk comes from investment in the Brazilian market. This exposure to changes in the exchange rate of the Brazilian real can affect us at different levels:

- Exposure of capital invested in companies with revenues in Brazilian reais.
- Receivables pending to be received for the transfer of shares in Brazilian companies.
- Debt pending payment for the acquisition of the photovoltaic solar plants. The outstanding debt for the acquisition of the participation in these companies is maintained in Brazilian reais, and although it does not have an immediate effect on the profit & loss account, it is reflected in the value of the participation and may affect future results.

Although development costs are incurred in local currency, financing from the parent company to subsidiaries is being provided in euros and may be impacted by changes in the exchange rate against the euro.

Exposure to other currencies such as the U.S. dollar and the pound sterling was not significant during 2020.

As of December 31, 2020, there are no exchange rate hedging instruments contracted by the development segment. Nevertheless, we are constantly monitoring the evolution of exchange rates and we are studying the implementation of the best tools to mitigate the exchange rate risk and its possible future effects on the profit & loss account.

PRICE RISK OF FINANCIAL INSTRUMENTS

The exposure to equity security price risk tends to be nil because we do not have any investments held by the Group and classified in the consolidated balance sheet as available for sale or at fair value through profit or loss.

COMMODITY PRICE RISK

Within the industrial segment and given the renewable nature of the Group's tracker supply business, there is no - exposure to the price of raw materials used in the production process, since during the negotiation of projects, variations in raw material prices are directly passed on to projects, and at the time the projects are signed, purchases of the necessary raw materials are made to order, blocking the raw material price structure for the project in question.

CREDIT RISK

Note 10.1.2.i to the consolidated financial statements shows the balances of Trade and other receivables. On the other hand, Note 10.1.2.ii to the consolidated financial statements refers to the balances of Cash and cash equivalents.

The credit risk arising from cash and cash equivalents and deposits with banks and financial institutions is considered relevant due to its weight within the asset items. To mitigate the credit risk of the industrial business, credit insurance has been contracted, and as part of the Group's financial policy, all projects are subject to strict financial control as a mandatory filter for the signing of supply projects.

In addition, the structure of the syndicated loan requires us to enter contracts with companies rated BBB- by the main credit agencies, or fully covered by the credit insurer.

The current credit risk in the development area is not relevant since no accounts receivable balance is maintained. However, in the future depending on the development of each of the solar photovoltaic plant projects this credit risk may arise, however, accounts receivable will be maintained either with partners in the development of the project or with electric utilities and public and private distribution entities, all of which are companies with low credit risk.

LIQUIDITY RISK

Liquidity risk has been extensively discussed in point 3, where the Group's financial situation is described in detail.

4. INFORMATION ON THE FORESEEABLE EVOLUTION OF THE GROUP

Regarding the evolution forecast, we have a growth outlook based on five fundamental pillars: investment in innovation, lasting agreements, geographic expansion, commitment to sustainability, financing and integration. These are described in more detail below.

First, we will invest and work intensively to develop differentiated technology that provides customers with a better standardized cost of energy and higher production. This requires a strong commitment to innovation in the products and services offered, which will enable us to maintain our leading position in the sector. Investment in R&D&I is an essential lever for the sustainable development of the business, so we expect to continue to make investments that will allow us to develop our business in a favorable way, adding value to our competitive advantages over our competitors.

Secondly, in this quest for growth, we will focus on strengthening long-term agreements with key industry players, whom we consider to be partners in our growth. We understand that alliances with key customers and suppliers in the photovoltaic industry (both locally and internationally) are a priority to establish lasting relationships that will strengthen our pipeline and help us achieve our objectives. One of our key customers is Enel, whose relevance in the energy market is one of the most significant worldwide. We also have agreements with other important players: *utilities*, construction companies and independent power generators. Regarding suppliers, we are aware of the importance of maintaining a relationship of trust, which is fundamental for negotiating with them. This trust allows us to sign framework agreements that lead us to reduce costs, increase efficiency and communication, mitigate price volatility, consolidate the supply chain, outsource ordinary activities that generate little value for the Group, and promote continuous business improvement.

On the other hand, there is a commitment to maintain and even implement our stable presence in the key markets of the industry in which we operate, so that we can identify and capture as much market share as possible. Consequently, we have established an international network of subsidiaries, seeking potential investments for business expansion in other currently growing markets.

In North America, we are strongly committed to the United States, which is the market leader, and we will continue to increase our presence there. Our main competitors are American, so being in this large market and close to the competition is fundamental from a strategic point of view. Regarding Europe, Spain is growing at a fast pace, which is mainly explained by the new favorable regulations. France and Italy are also countries where investment is very attractive. There are other relevant markets, such as the Middle East and the African continent, where significant opportunities are expected to exist for the Group's business. Australia also offers significant growth opportunities in Asia. And China, although the prospects for the tracker market are not great, the size of its renewable energy generation industry, and our extensive experience there, makes it an appropriate country to invest in. In addition, Chinese companies are investing heavily in some of our major markets outside China. Therefore, we should take advantage of the synergies arising from our experience in the markets where these Chinese companies wish to invest.

In addition to seeking a stable presence in key markets, we also seek to offer solutions to our customers wherever they are located. We demonstrate this commitment by establishing lasting ties with them, while acquiring experience and knowledge of new markets and diversifying our presence.

Fourth, we seek to strengthen our financial position to be able to keep pace with the expected growth of the photovoltaic industry. We must never neglect our financing needs and leverage structure to be able to maintain our position in a highly competitive market.

Fifth, we aim to continue to focus on vertical integration in the business value chain, with the goal of achieving ever-higher margins. Given that prices and margins in the photovoltaic industry are on a downward trend due to increasing competition and growing operating volumes, it is reasonable to focus on vertical integration that allows us to offer a wider range of services to potential end customers, while at the same time achieving profits throughout the value chain.

The photovoltaic industry currently has too many intermediaries who provide little added value. A commitment to vertical integration will enable the Group to provide greater value to the end customer than is currently provided by the various intermediaries acting separately along the value chain. In addition, we will be able to generate factors that differentiate us from our competitors and capture additional margins, while at the same time creating new barriers to entry. This will diversify the Group's activities, reducing exposure to the risk of a single market, the tracker market, and gaining knowledge of the entire industry. It also creates synergies and reduces the degree of uncertainty as all activities are carried out by the same entity.

In terms of market development prospects, IHS Markit's projections indicate that more than 150 GW of PV tracker systems will be installed between 2019 and 2023. Demand for PV trackers will experience its strongest growth in Europe, Africa and the Middle East (EMEA). Despite this growth, studies indicate that the Chinese, U.S. and Indian markets will be the three largest markets through 2023. However, their market share will decrease to 41% in 2023 (56% in 2016), mainly due to the emergence of new large markets, mainly the Middle East, and growth in Europe, with Spain and Italy leading the way.

WoodMac estimates that the installation of photovoltaic trackers will grow at a rate of 18% by 2023, such that the share of trackers installed on land destined for solar energy projects will reach 42% by 2023.

In conclusion, our growth prospects for the coming years are based on the following pillars: investment in innovation, long-term agreements with strategic partners, geographic expansion, sustainability, financing and integration. Although these pillars indicate the direction of the Group's progress and investment, it should be noted that there are a number of variables of a different nature, over which we have no power to influence, and which could significantly affect the development of our business. These variables are those of a macroeconomic, legal, political and social nature, which influence the evolution of the market in which we operate, having a direct impact on its results.

5. R&D&I ACTIVITIES

Innovation is part of the Group's corporate culture, to which we are strongly committed. This is what has allowed us to offer a differentiated product and become one of the leaders in the sector. Investment in R&D&I is an essential aspect for sustainable development and our investments in this area are growing annually.

Innovation has always been a basic pillar of Soltec's development as a group and has allowed to dynamize the business activity making possible to generate competitive advantages of our products turning Soltec into a technological reference in the sector being a company that has set trends regarding technical solutions to create monitoring systems in order to maximize energy productions.

Soltec Innovations was created in order to give this activity its own entity, improving its efficiency based on the use of new development techniques focused on new trends in order to improve the speed in the launching of new innovative products according to the needs of the moment and the circumstances of the markets.

The year 2020 has been an exercise of clear consolidation of the project, of improvement in procedures and ways of working, as well as in the increase of human resources of other kinds allowing to increase its efficiency and work capacity, as well as to improve the know-how in new technologies that set trends. The tools for the development of ideas in a wide range of technologies have become an important part of the company's day-to-day operations, without neglecting investment in the development of finished products ready for commercialization. In this line, at the end of this fiscal year, work has begun on the creation of a Startup Incubator so that we can support ideas from small companies with good ideas, making it possible to launch products that would otherwise be difficult to fit into the market.

The Intellectual Property area has also increased its resources to accommodate the protection of these new ideas or products, to have an exhaustive control in terms of surveillance of our intellectual heritage. Soltec Innovations, in its short trajectory of less than two years, has been able to protect more technologies than in the rest of the life of Soltec Energías renovables, making clear the decision of Management to give this activity its own entity.

In the same way Soltec, showing its long experience in the development of photovoltaic installations, has always considered that the improvement of the efficiency of the installations goes through, among other things, a decisive investment in terms of integration of our star product with other equipment included in the vertical chain of energy production such as inverters, DC evacuation lines, panels, etc., launching agreements with various suppliers of these components, seeking economic efficiency and increasing the versatility of the whole in order that all components are created or adapted with the whole in mind.

In the same way, battery storage systems and the integration of technologies such as machine learning, big data, etc. have gained special relevance and continue to grow, so Soltec Innovations and the group have invested efforts and resources in knowing the state of the art of these technologies and started the development of products adapted to provide versatility and added value to the products we sell.

Likewise, the group, framed within the renewable sector, has made a very strong commitment to enter the development of products framed in other renewable sectors such as the production of Green Hydrogen by signing agreements with various public and private entities, creating partnerships in order to be again an active participant in boosting these sectors of clear growth.

Another of the pillars to be able to articulate this project are the aids and subsidies related to this sector. The Intellectual Property discipline continuously monitors the different forums in which such aid is available and has launched several projects for evaluation by different official bodies.

In addition, 2020 was the year of completion of the largest R&D project launched in the history of the group. The Full Wireless system has drastically renewed all the components of our tracker tracking system (Hardware, Software and algorithms), a system endowed with a wide versatility, robustness, efficiency in management and an even lower incidence of failures. This new system has already been implemented in a real installation with optimal results. Along the same lines, the structure of the tracker has been drastically changed, focusing on the motorization system, which is totally new in the sector in our project called SF8, which will be implemented in a real project soon.

6. ACQUISITION AND DISPOSAL OF TREASURY STOCK

There have been no operations with own shares during 2020. On January 28, 2021, the Company launched a share repurchase program for the purpose of acquiring shares of Soltec Power Holding S.A. to fulfill the obligations arising from the settlement of the first cycle of the 2021-2022 Long-Term Incentive Plan for the Management Committee and certain executives and personnel (the "Beneficiaries") of Soltec approved by the General Shareholders' Meeting of October 6, 2020.

7. DIVIDEND POLICY

In the short term, we intend to reinvest cash generation in the development of new projects and execution of the business plan and no dividends will be distributed. At a later date, the dividend policy will be re-evaluated, and dividend payments will be based on, among other things, financial performance and business projections. Expectations of dividend payments, business performance and market conditions are subject to numerous assumptions, risks and uncertainties that are not within our control. The payment of dividends will be proposed by the directors and approved by the shareholders at the Annual General Meeting.

The ability to distribute dividends will depend on several factors including, among others, the amount of distributable profits and reserves, the investment plan, earnings, level of profitability, cash flow generation and the fulfillment of obligations to do and not to do established in the debt instrument contracts.

8. CORPORATE SOCIAL RESPONSIBILITY

8.1 COLLABORATION WITH SOCIETY

SOCIETY

For the Soltec Group, sustainability is understood as permanence over time, and to achieve it, it is necessary to respond to the expectations that society and the people around the Group have of it. For this reason, the Group pursues economic, environmental and social objectives in equal measure.

The Group is committed to ensuring that its activities have a positive impact on the society in which it operates, establishing a good relationship with the environment through various active initiatives in the constant pursuit of these goals, which are so important today.

The Soltec Group is committed to everything that being socially responsible entails. The activity is carried out in an environment that must be respected, in a society to which we must give back a good part of what we give every day, and in a state to which we must contribute with taxes and contributions.

The first objective focuses on customer satisfaction, based on the following priorities: (i) the achievement and fulfillment of the specific and temporary expectations raised by customers, and (ii) the guarantee that these expectations will be adapted to the new requirements that both the market and customers may demand in the future; it is, therefore, a commitment to continuous quality improvement.

With a strong commitment to renewable energies and the environment, the Soltec Group is committed to create development and research to offer cutting-edge technology in the sector, minimizing the environmental impact to the maximum while supporting the development of local economies.

The Group is fully committed to the socio-economic development of all the areas in which it operates. The commitment to hiring local labor is real, especially when located in areas depressed by unemployment or other social disasters.

During the fiscal year 2020, as a consequence of the current health and economic crisis derived from Covid-19, the Group has allocated significant resources to food banks, with its employees actively collaborating in the Jesús Abandonado canteens and to entities that have needed protective equipment, masks, etc.

In addition, education is a fundamental key of its commitment to local communities. The Group provides theoretical/practical training courses in the communities where it is located, not only in renewable energies, but also in other trades that can benefit the target group. These courses are free of charge for local personnel, who generally come from areas severely depressed by unemployment, with no possibility of accessing the labor market due to a lack of specific training.

This training is particularly valued in developing countries, where unemployment is very high. In this context, training can enable them to significantly improve their quality of life.

Social projects are also developed, attending to the needs of each place, highlighting the Group's commitment and solidarity with people in need by collecting and donating toys to different non-governmental organizations worldwide.

The Group actively supports health campaigns such as the World Breast Cancer Day, with talks and informative leaflets, helmet stickers, etc., and also mobilized during the earthquakes in Mexico, where it made both economic donations and delivered food for the victims, highlighting, among other aspects, the volunteer team in Murcia, in response to the disasters caused by the floods resulting from the Dana, through a campaign to help clean up and rehabilitate the most affected areas, as well as in the cleaning of plastics on the coast of Cabo de Palos.

Finally, among many other contributions, it is worth mentioning the reforestation carried out on Mount Roldán, of incomparable scenic beauty, to repopulate this area with its native and endangered species, such as cypress and kidneyvetch.

PARTNERSHIPS AND SPONSORSHIPS

Aware of the Group's social responsibility as an organization, all means are provided to ensure the integrity of employees and collaborators.

The Soltec Group participates and collaborates with the community by promoting sports, cultural and solidarity activities. The Group encourages social contribution through collaboration initiatives with non-profit groups or entities with the commitment to assess the potential impacts and risks inherent in the activity that may affect society.

These actions include sponsorship of the international tennis tournament at the Murcia country club, sponsorship of the Murcia music association, which takes place every year with concerts by different young musicians, and sponsorship of one of the electric cars that participated in the official car race greenpower called “Iberia Sureste” race.

With regard to the associations in which the Group actively participates, we can highlight, among others, the following:

- UNEF (Spanish Photovoltaic Union)
- APPA (Spanish Renewable Energy Association)
- SEIA (Solar Energy Industries Association)
- MESIA (Middle East Solar Industry Association)
- SEPA (Smart Electric Power Alliance)
- Energy Council Australia
- AREMUR (Business Association of Renewable Energies and Energy Saving of Murcia)
- FREMM (Regional Federation of Metal Entrepreneurs of Murcia)
- RES4Africa (Renewable Energy Solutions for Africa)
- ABSOLAR (Associação Brasileira de Energía Soalr Fotovoltaica)

- Solar Power Europe
- Elletricitá Futura
- ENTRA Aggregation and Flexibility
- SECARTYS
- AHMUR (Murcia Region Green Hydrogen Sector Association)

The amount of donations made by the Soltec Group during fiscal years 2020 and 2019 was thirty-six and eleven thousand euros, respectively, including those made to food banks, the Health Service of Murcia, Aldeias Infantis SOS, Doctors of the World, UNICEF, Ready for Africa, etc.

8.2 COMMITMENT TO UNDERPRIVILEGED GROUPS

Based on our commitments to underprivileged groups, we carry out integration and solidarity actions with the communities close to the action areas where projects are developed or where the company's various subsidiaries are located. Thus, we are committed to the integration of women in the most disadvantaged areas through training and qualification programs so that they can work in the company's different plants and thus contribute to their full incorporation into society.

The groups of people with disabilities are also part of these considerations on the part of the company and are an active part in the installation and development of several of our projects. In this way, we contribute to the creation of a fairer and more integrated society and confirm the company's values of equality and integration.

In addition to contributing to the integration of the company's projects, we are also committed to collaborate with the communities near the company's areas of operation in solidarity actions of different durations. In this way, we contribute with specific actions (due to natural disasters, commemoration of a date, etc.), and with ongoing projects.

8.3 COMMITMENT TO INNOVATION AND JOB CREATION

We make a constant effort to innovate and improve our equipment, a commitment that has been certified and recognized with international distinctions and awards.

We are committed not only to generate employment in the areas close to the projects where we have to install the plants, but also to seek agreements with local administrations to promote employment and thus support rural areas. During the installation and maintenance of photovoltaic plants, we always seek to hire specialized personnel from nearby areas. To this end, we are also committed to the training and qualification of personnel.

Through training programs both in the projects and in the company's subsidiaries, we guarantee quality employment and the continuous training of its employees. In this way we contribute to society in general and to the professional updating of the employees who are part of the company.

8.4 RESPONSIBLE AND TRANSPARENT COMMUNICATION

In line with our code of ethics, we abide by the criteria of transparency and integrity with regard to our projects and our dealings with our employees. In our firm commitment to transparency in our communications, we maintain a fully active internal communication channel with our team members. In this way, the importance of transparency and access to information by the people who are part of the company is prioritized.

Likewise, we communicate clearly and transparently to the outside world through its website, updates on its multiple networks and the different press communications derived from the company, as well as with the financial market, through the Investor Relations department.

The different stakeholders increasingly demand greater responsibilities from the organizations with which they interact and can condition the results and long-term sustainability of the same with their decisions. Soltec Power Holdings reaffirms its commitment to an open and continuous dialogue with its stakeholders with the objective of contributing value to them through an open and participative attitude.

Improving the company's reputation and trust. 2. Improving risk management and opportunities derived from the identification of key issues for the organization. 3. 3. Development of innovation processes that favor new business opportunities.

Stakeholders are an important pillar in the success of the organization and therefore Soltec continuously strives for effective engagement to obtain their important input and concerns. It seeks to build and develop transparent solutions based on trust with all stakeholders, respecting their views, key expectations and concerns. All this ultimately generates value generation for the company. Analyzing, evaluating, and responding to the opinions and concerns expressed by our stakeholders is key at Soltec Power Holdings. Stakeholders and existing communication channels with them:

Customers	Suppliers	Financial Markets
Society	Employees	Regulatory agencies

Clients:

- Phone/ E-mail / Web
- Trade fairs and conferences
- Instant messaging
- Social networks
- Videoconferencing
- Product and Innovation Committees
- Regular meetings
- Jira" ticketing system

Suppliers:

- Private and/or public tenders
- Fairs / Congresses / Conferences
- Phone/ E-mail / Web
- Jira System
- Visits to the facilities
- Interlocution with Purchasing Managers
- Approval, negotiation and payment management processes.

Society:

- Phone/ E-mail / Web
- Conferences
- Social dialogues
- Media and communications
- Social networks
- ESG committee meetings and sustainability committee meetings
- Ad hoc consultations

Employees

- Formal and informal meetings
- Phone/ E-mail / Web

- Solnews
- Yemmer and Jira
- Instant messaging
- Social networks
- Videoconferencing

Regulatory agencies

- Phone/ Mail/ Web
- Notifications
- Investor relations

Financial Markets

- Shareholders' Meeting
- Shareholder/Investor Service
- One-on-one meetings
- Corporate Access
- Shareholders Web Page
- Webinars
- CNMV Communications
- Soltec Financial Publications

SUSTAINABILITY AND ENVIRONMENTAL FRIENDLINESS

As a core business dedicated to photovoltaic solar energy, respect for the environment and sustainability are part of our DNA.

In addition to basing our activity on renewable energy, we constantly carry out awareness-raising actions to protect the environment and energy resources.

9.SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FISCAL YEAR

From December 31, 2020 to the date of formulation of the consolidated financial statements, the following subsequent events have occurred:

1. The sale of Block A of LEO SILVEIRA at January 21, 2021, which resulted in the collection of 8,622 thousand euros at the exchange rate of December 31, 2020 (see Note 5.6).
2. The novation of the debt agreement entered on February 11, 2021, the main features of which are detailed in note 10.2.2.i.
3. On March 2, 2021, 65% of the shares in the company Luminora Solar Cinco S.L. were sold to TOTAL. The conditions and prices are framed in the signed collaboration agreement and have been carried out under the same conditions as the previous sales. The project included in Luminora Solar Cinco S.L. is located in Alicante with a production of 95MW.
4. In addition, during the month of March, a contract was signed with Focus Energía in Brazil to supply solar trackers for an 852 MW project. This contract corresponds to the first phase of what will be the largest project in Latin America with bifacial trackers.
5. It should be noted that the Parent Company has proceeded during the first quarter of 2021, up to the date of formulation, to purchase 393,000 treasury shares for an amount of 3,611 thousand euros.

Finally, it should be noted that the sole administrator and the Group's management are constantly monitoring the evolution of the current situation under COVID19, to successfully face any possible impacts, both financial and non-financial, that may arise.

Murcia, 24th March 2021

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

IDENTIFICATION OF USER

Ending date of reference financial period ended December 31, 2020

CIF: A05556733

Registered Name: SOLTEC POWER HOLDINGS, S.A.

Registered office: C/ GABRIEL CAMPILLO CONTRERAS S/N, 30500 MOLINA DE SEGURA, MURCIA

A. CAPITAL STRUCTURE

A.1 Complete the following table on the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
27/10/2020	22,846,679.25	91,386,717	91,386,717

Indicate whether there are different classes of shares with different rights attaching thereto:
[ ] Yes
[√] No

A.2 Provide details of direct and indirect holders of significant shareholdings in the company at year end, excluding directors:

Name or corporate name of shareholder	% shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
JOSÉ FRANCISCO MORENO RIQUELME	0.00	42.27	0.00	0.00	42.27
SANTANDER ASSET MANAGEMENT, S.A., SGIIC	0.00	3.44	0.00	0.00	3.44
SCHROEDERS PLC	0.00	3.22	0.00	0.00	3.22

Breakdown of indirect holding:

Name or company name of the indirect holder	Name or company name of the direct holder	% voting rights attributed to shares	% voting rights through financial instruments	total % of voting rights
JOSÉ FRANCISCO MORENO RIQUELME	GRUPO CORPORATIVO SEFRAN S.L.	42.27	0.00	42.27
SCHROEDERS PLC	SCHROEDER INVESTMENT MANAGEMENT SWITZERLAND AG	0.01	0.00	0.01
SCHROEDERS PLC	SCHROEDER INVESTMENT MANAGEMENT NORTH AMERICA LIMITED	0.07	0.00	0.07
SCHROEDERS PLC	SCHROEDER INVESTMENT MANAGEMENT LIMITED	3.14	0.00	3.14

Most significant movements
SANTANDER ASSET MANAGEMENT, S.A., SGIIC Purchase of shares above the threshold of "significant shareholding" in the company 28/10/2020. SCHRODERS PLC Purchase of shares above the threshold of "significant shareholding" in the company 10/11/2020. José Francisco Moreno Riquelme Purchase of shares above the threshold of "significant shareholding" in the company 27/11/2020.

A.3 Complete the following tables on the members of the company's board of directors who hold voting rights over shares of the company:

Name or corporate name of director	% of shares carrying voting rights		% voting rights through financial instruments		% of total voting rights	% voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. RAÚL MORALES TORRES	0.01	19.58	0.00	0.00	19.59	0.00	0.00
MR. JOSÉ FRANCISCO MORALES TORRES	0.01	0.00	0.00	0.00	0.01	0.00	0.00

Total percentage of voting rights held by the Board of Directors	19.60

Breakdown of indirect holding:

Name or corporate name of director	Name or corporate name social of the direct holder	% voting rights attributed to shares	% voting rights through financial instruments	total % of voting rights	% of voting rights that can be transmitted through financial instruments
No data					

A.4 Indicate, if applicable, any family, commercial, contractual or corporate relationships between significant shareholders, to the extent they are known to the company, unless they are insignificant or result from the ordinary course of business, except those that are included in Section A.6:

Related name or corporate name	Type of relationship	Brief description
No data		

A.5 If applicable, state the commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, unless they are insignificant or result from the ordinary course of business:

Related name or corporate name	Nature of relationship	Brief description
MR. RAÚL MORALES TORRES	Corporate	Raúl Morales Torres is a significant shareholder and Chief Executive Officer and Chairman of the Board of Directors.

A.6 Describe the relationships, unless insignificant for the two parties, between significant shareholders or shareholders represented on the Board and the directors, or their representatives, in the case of proprietary directors.

Explain, where appropriate, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or those linked to significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and position of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or corporate name of the director or representative	Name or corporate name of related significant shareholder	Name of the group company of the significant shareholder	Description of relationship / position
No data			

A.7 State whether any shareholders' agreements affecting the company pursuant to Articles 530 and 531 of the *Ley de Sociedades de Capital* (Spanish Corporate Enterprises Act) have been reported to the company. If so, briefly describe them and list the shareholders bound by the agreement:

[ ] Yes
[√] No

State whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

[ ] Yes
[√] No

If any of the abovementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:

NA

A.8 State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the *Ley de Mercados de Valores* ("Spanish Securities Market Act"). If so, please identify them:

[ ] Yes
[√] No

A.9 Complete the following tables on the company's treasury shares:

At year end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
		0.00

(*) Through:

Name or corporate name of the direct owner of the shareholding	Number of direct shares
No data	

Explain any significant changes during the year:

Explain any significant changes
Nothing to highlight

A.10 Describe the terms and conditions and the duration of the authority currently in force given by the General Shareholders' Meeting to the Board of Directors to issue, repurchase, or dispose of treasury shares.

"The General Shareholders' Meeting, in its resolution of October 6, 2020, decided to empower the Board of Directors of the Company so that, to the fullest extent required by law and with express powers of substitution in favor of the Chief Executive Officer or any other director or proxy of the Company, to develop, formalize, execute and settle, as the case may be, the Executive Incentive Plan, which was approved by the General Shareholders' Meeting in the same act; adopting such resolutions and signing such documents, public or private, as may be necessary or convenient for its full effect, with the power even to correct, rectify, amend or supplement this resolution, and in general, to adopt such resolutions and carry out such actions as may be necessary or merely convenient for the successful completion of this resolution and the implementation, execution and liquidation of the Incentive Plan, including, by way of example and without limitation, the following powers:
[...]
(G) Draw up, sign and present as many communications and complementary documentation as may be necessary or convenient before any authority or body for the purposes of the implementation, execution or liquidation of the Incentive Plan.
(H) To carry out any action, declaration or management before any agency or authority to obtain any authorization or verification necessary for the implementation, execution or liquidation of the Incentive Plan.
(I) Drafting, signing, granting and, as the case may be, certifying any type of document related to the Incentive Plan, including, but not limited to, signing and modifying any contracts with entities that provide any services necessary or convenient for the development of the Incentive Plan.
(J) To draft and publish all necessary or convenient announcements.
(K) And, in general, to carry out as many actions and sign as many documents as may be necessary or convenient for the validity, effectiveness, implementation, development, execution, liquidation and successful completion of the Incentive Plan and of the previously adopted agreements.
This agreement is made with no time limitation other than that deriving from the term of the Incentive Plan.
Since the Incentive Plan consists of compensation to executives in the form of the Company's own shares,
(K) includes a power for the Board of Directors to implement a plan to repurchase the Company's own shares in order to execute and settle the Incentive Plan.

A.11 Estimated free float:

	%
Estimated free float	31.00

A.12 State whether there are any restrictions (bylaw, legislative, or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and those systems for the prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

[ ] Yes
[√] No

A.13 State whether the shareholders acting at a general shareholders' meeting have approved the adoption of measures to neutralise a takeover bid pursuant to the provisions of Law 6/2007.

[ ] Yes
[√] No

If applicable, explain the measures adopted and the terms under which these restrictions will cease to apply:

A.14 State whether the company has issued securities that are not traded on a regulated EU market.

[ ] Yes
[√] No

If applicable, list the different classes of shares, if any, and the rights and obligations attaching to each class of shares:

B. GENERAL SHAREHOLDERS' MEETING

B.1 Indicate and, as applicable, describe any differences between the quorum established by the Spanish Corporate Enterprises Act (or "LSC" according to its acronym in Spanish) for General Shareholders' Meeting and that set by the company.

[ ] Yes
[√] No

B.2 State whether there are any differences in the company's manner of adopting corporate resolutions and the manner for adopting corporate resolutions described by the LSC and, if so, explain:

[ ] Yes
[√] No

B.3 State the rules for amending the company's Bylaws. In particular, indicate the majorities required to amend the bylaws and any provisions in place to protect shareholders' rights in the event of amendments to the bylaws.

The rules for amending the bylaws and the majorities required to do so do not differ from those established in the Spanish Corporate Enterprises Act.

B.4 Give details of attendance at General Shareholders' Meetings held during the year of this report and the two previous years:

	Attendance data				
Date of general meeting	% physically present	% present by proxy	Electronic voting	Other	Total
28/07/2020	100.00	0.00	0.00	0.00	100.00
Of which, free float	0.00	0.00	0.00	0.00	0.00

B.5 Indicate whether any item on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason:

[ ] Yes
[√] No

B.6 Indicate whether the Bylaws contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:

[ ] Yes
[√] No

B.7 Indicate whether it has been established that certain decisions other than those established by Law exists that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting.

[ ] Yes
[√] No

B.8 State the address and method for accessing the company's website to find information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company's website.

https://soltecpowerholdings.com/corporate-governance/board-of-directors/

https://soltecpowerholdings.com/shareholders-and-investors/

C. STRUCTURE OF THE COMPANY'S MANAGEMENT

C.1 Board of Directors:

C.1.1 Maximum and minimum number of directors established in the Bylaws and the number set by the General Shareholders Meeting:

Maximum number of directors	15
Minimum number of directors	5
Total number of directors set by the General Shareholders' Meeting	7

C.1.2 Complete the following identifying the members of the Board:

Name or corporate name of director	Representative	Director category	Position on the Board	First appointment date	Last appointment date	Election procedure
MR. RAÚL MORALES TORRES		Executive	CHAIRMAN-MANAGING DIRECTOR	06/10/2020	06/10/2020	RESOLUTION AT GENERAL SHAREHOLDERS' MEETING
MR. MARCOS SÁEZ NICOLÁS		External proprietary director	DIRECTOR	06/10/2020	06/10/2020	RESOLUTION OF AT GENERAL SHAREHOLDERS' MEETING
MR. JOSÉ FRANCISCO MORALES TORRES		External proprietary director	DIRECTOR	06/10/2020	06/10/2020	RESOLUTION AT GENERAL SHAREHOLDERS' MEETING
MS. MARINA MORENO DÓLERA		External proprietary director	DIRECTOR	06/10/2020	06/10/2020	RESOLUTION AT GENERAL SHAREHOLDERS' MEETING
MS. NURIA ALIÑO PÉREZ		Independent	DIRECTOR	06/10/2020	06/10/2020	RESOLUTION AT GENERAL SHAREHOLDERS' MEETING
MR. FERNANDO CABALLERO DE LA SEN		Independent	INDEPENDENT COORDINATING DIRECTOR	06/10/2020	06/10/2020	RESOLUTION AT GENERAL SHAREHOLDERS' MEETING
MS. MARÍA SICILIA SALVADORES		Independent	DIRECTOR	06/10/2020	06/10/2020	RESOLUTION AT GENERAL SHAREHOLDERS' MEETING

Total number of directors	7

State if any directors, whether through resignation, dismissal, or any other reason, have left the Board during the period subject to this report:

Name or corporate name of director	Director category at time of leaving	Date of last appointment	Date director left	Specialized committees of which he/she was a member	Indicate whether the director left before the end of term
No data					

Cause of termination, if before the end of the term of office and other observations; information on whether the director has sent a letter to the other members of the board and, in the case of termination of non-executive directors, explanation or opinion of the director who has been removed by the general meeting.
There have been no resignations or dismissals during the period under review.

C.1.3 Complete the following tables regarding the members of the Board and their categories:

EXECUTIVE DIRECTORS		
Name or corporate name of director	Position held in the company's organization chart	Profile
MR. RAÚL MORALES TORRES	Chief Executive Officer	Raúl Morales is the founder and CEO of Soltec. For more than a decade, he has led Soltec to be one of the largest manufacturers and suppliers of single-axis solar trackers. With vast experience in the solar photovoltaic industry, Morales combines his passion for renewable energy with a commitment to driving productivity through innovation and attracting talent.

Total number of executive directors	1
% of total board	14.29

EXTERNAL PROPRIETARY DIRECTORS		
Name or corporate name of director	Name or corporate name of the significant shareholder represented, or which has proposed their appointment	Profile
MR. JOSÉ FRANCISCO MORALES TORRES	VALUETEAM S.L.	José Francisco M. Torres is the founder of Seguidores Solares Planta 50 S.L., dedicated to the production of photovoltaic energy and specialist advisor to companies in the renewable sector. He is an economist and has 42 years of experience in the tax and accounting sector. His extensive experience makes him a good candidate to be an advisor to Soltec Power Holdings.
MR. MARCOS SÁEZ NICOLÁS	SEFRAN GRUPO CORPORATIVO S.L.	Marcos Sáez is CEO of Zukán S.L.U. During his more than 20 years of experience, Sáez has worked as CFO of Soltec for 14 years, where he managed to give a great boost to the company's sales. He has also worked as a consultant or CFO for the companies of Grupo Corporativo Sefran S.L.
MS. MARINA MORENO DOLERA	SEFRAN GRUPO CORPORATIVO S.L.	Marina Moreno has more than 5 years of experience in positions of responsibility in financial departments. Moreno has worked at Soltec as a financial analysis collaborator and remains as an advisor to Zukán S.L.U. on organizational and sustainability aspects. At Zukán she has also worked in the operations, logistics, production and financial departments.

Total number of proprietary directors	3
% of the Board	42.86

EXTERNAL INDEPENDENT DIRECTORS	
Name or corporate name of director	Profile
MR. FERNANDO CABALLERO DE LA SEN	Fernando Caballero is General Manager responsible for AON's Risk Consulting Services and Solutions in Spain. He is also in charge of coordinating the AGCR initiatives in LATAM and Portugal and has more than 8 years of experience with the big four accounting and consulting firms. Caballero is also a proactive member of the Institute of Internal Auditors in Spain.
MS. MARIA SICILIA SALVADORES	Maria Sicilia is the Director of Strategy at Enagás, a world leader in gas infrastructures, which is part of the IBEX35. She has worked at Iberdrola Renovables as head of regulatory affairs and market analysis and foresight for renewable energies in 23 countries and as Deputy Director General of Energy Planning at the Ministry of Industry, Energy and Tourism of the Government of Spain.
MS. NURIA ALIÑO PÉREZ	Nuria Aliño has extensive experience in investment banking with more than 20 years working in developed and developing markets. She has worked as a Managing Director at BBVA Corporate and Investment Banking and in 2016 she joined the World Bank Group. Currently, she works as specialist in Global Digital Finance in IFC- World Bank and is focus on its digital transformation.

Total number of independent directors	3
% of the Board	42.86

State whether any independent director receives from the company or any company in the group any amount or benefit other than compensation as a director or has or has had a business relationship with the company or any company in the group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

If applicable, include a statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or corporate name of director	Description of the relationship	Statement of the Board
No data		

OTHER EXTERNAL DIRECTORS			
State any other external advisor and the reason why they cannot be considered proprietary or independent and its relationship with either the company, the directors or its shareholders:			
Name or corporate name of director	Reasons	Company, or director with which there is a relationship	Profile
No data			

Total number of independent directors	NA
% of the Board	NA

State, if applicable, any changes in category that have occurred during the period for each director:

Name or corporate name of director	Date of change	Previous category	Current category
No data			

C.1.4 Complete the following table with information on the number of female directors at the closing of the past four years, as well as the category of each.

	Number of female directors				% of directors for each category			
	Year 2020	Year 2019	Year 2018	Year 2017	Year 2020	Year 2019	Year 2018	Year 2017
Executives		NA	NA	NA	0.00	NA	NA	NA
Proprietary	1	NA	NA	NA	33.33	NA	NA	NA
Independent	2	NA	NA	NA	66.67	NA	NA	NA
Other External		NA	NA	NA	0.00	NA	NA	NA
Total	3	NA	NA	NA	42.86	NA	NA	NA

C.1.5 State whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability and training and professional experience. In accordance with the definition set out in the Accounts Audit Act, small and medium-sized entities, will have to report at least the policy they have implemented in relation to gender diversity.

[ ] Yes
[ ] No
[√] Partial policies

If so, describe these diversity policies, their objectives, the measures, and way in which these have been applied and the results over the year. Also, indicate the specific measures taken by the Board of Directors and the appointments and remuneration committee to diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why.

Description of the policies, objectives, measures and how they have been implemented, as well as the results achieved.
The constitution of the company's governing body was carried out in full compliance with the CNMV's Good Governance Recommendations regarding the minimum percentage of female directors, a percentage that is met and exceeded with the current composition of the Board (42.86%). Although there is no policy expressly drafted by the company, the Board has set itself the objective of achieving this result during the 2021 financial year.

C.1.6 Explain the measures taken, if any, by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors, and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, and which makes it possible to achieve a balance between men and women.

Explanation of measures
Due to the public listing in the last quarter of 2020, the Committee has not had the opportunity to implement measures in this regard. However, it is important to note that the company's internal culture has imposed a high level of gender diversity on both the Board and in Senior Management. Currently, and from the time of its formation, the composition of the Board includes 42.83% of female directors and a large presence of women among the company's senior management. There is no implicit bias preventing the inclusion of women in the aforementioned positions. The Appointments and Remuneration Committee will develop the aforementioned measures during the 2021 financial year.

In the event that there are few or no female directors in spite of any measures adopted, explain the reasons that justify such a situation:

Explanation of reasons
There are many female directors and senior managers.

C.1.7 Explain the conclusions of the appointments committee regarding verification of compliance addressed to the appropriate composition of the Board of Directors.

Given the recent constitution of the ARC, on October 6, 2020, the Commission is drafting internal procedures to carry out the implementation of the CNMV (Spanish Securities and Exchange Commission)'s Guide 1/2019.
In this regard, one of the ARC's missions for the 2021 fiscal year is to approve a recruitment policy to encourage the Company to have a significant number of female senior managers, although the Company already has many women at the head of key areas of the company's businesses.

C.1.8 Explain, when applicable, the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name or corporate name of shareholder name of shareholder	Reason
No data	

State whether the Board has failed to meet any formal requests for presence on the board received from shareholders whose equity interests is equal to or higher than that of others at whose request proprietary directors have been appointed. Where applicable, explain why these requests have been ignored:

[ ] Yes
[√] No

C.1.9 State the powers delegated by the Board of Directors, as the case may be, to directors or Board committees:

Name or corporate name of director or committee	Brief description
MR RAÚL MORALES TORRES	As Chief Executive Officer, Mr. Raúl Morales has been delegated all the powers attributed to the Company's governing body that are not of a non-delegable nature, and which have not been reserved to the full Board by law, the Company's bylaws or the Board of Directors Regulations.

C.1.10 Identify, where appropriate, any members of the Board who are also directors, representatives of directors or officers in other companies that belong to the group of the listed company:

Name or corporate name of director	Corporate name of the group company	Position	Does the Director have executive functions?
MR RAÚL MORALES TORRES	Soltec Energías Renovables S.L.	Sole Administrator	YES
MR RAÚL MORALES TORRES	Powertis S.A.	Member of the Board of Directors	NO
MR RAÚL MORALES TORRES	Soltec Innovations S.L.	Sole Administrator	YES

C.1.11 List, where appropriate, any legal-person directors or representatives of legal-person directors of your company, who are members or representatives of legal-person members of the Board of Directors of other companies listed on official securities markets other than group companies, who have communicated that status to the company:

Name or corporate name of director	Name of listed company	Position
No data		

C.1.12 Indicate and, where applicable, explain whether the company has established rules on the maximum number of boards on which its directors may hold positions, identifying, where appropriate, where this is regulated:

[√] Yes
[ ] No

Explanation of the rules and identification of the document where it is regulated.
Directors may not sit on more than four Boards in addition to the Board of Directors of the Company.

C.1.13 State the overall remuneration of the Board of Directors:

Board remuneration in financial year (thousand euros)	76
Amount of vested pension interests for current directors (thousand euros)	
Amount of vested pension interests for former members (thousand euros)	

C.1.14 Identify senior management staff who are not executive directors and their total remuneration accrued during the year:

Name or corporate name	Position(s)
MS. ADA DE PAULA LAX PUIZ	Chief Marketing Officer
MR. EDUARDO DE SAN NICOLÁS JUÁREZ	Chief Strategy Officer
MR. JOSÉ FRANCISCO NÚÑEZ JIMÉNEZ	Chief Financial Officer
MS. MERITXELL PÉREZ DE CASTRO ACUÑA	Investor Relations Director
MR. PABLO OTÍN PINTADO	Business Unit General Manager Powertis
MR. SERGIO LÓPEZ OÑA	Business Unit General Manager Soltec Industrial
MS. SILVIA AMATERATSU DÍAZ DE LASPRA MORALES	Chief Legal Officer

Number of women in Senior Management	3
Percentage over the total members of Senior Management	42.85

Total senior management remuneration (thousand euros)	652

C.1.15 State whether the regulations of the Board of Directors have been amended during the financial year:

[ ] Yes
[√] No

C.1.16 Specify the procedures for selection, appointment, re-election, and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.

The Board Members shall be appointed by the General Shareholders' Meeting or by the Board of Directors by co-optation, following a report from the Appointments and Remuneration Committee or, in the case of independent Board Members, at the proposal of the latter, in accordance with the provisions contained in the applicable regulations, the Company Bylaws and the Board of Directors Regulations. The Board of Directors shall endeavour to ensure that the selection of candidates is made by persons of recognized solvency, competence and experience, and shall be extremely rigorous in relation to those persons called upon to fill the positions of independent Board Members. Before proposing the re-election of directors to the general meeting of shareholders, the board of directors shall evaluate, with the abstention of the parties concerned, the quality of the work and dedication to the position of the directors proposed during the previous term of office.

Directors shall leave their commitments when the term for which they were appointed has elapsed and when so decided by the general meeting of shareholders in exercise of the powers conferred upon it by law or the bylaws.

It is expected that during the 2021 fiscal year the Company will develop the director selection policy in accordance with the Governance Plan approved in 2021.

C.1.17 Explain the extent to which the annual assessment of the Board has given rise to significant changes in its internal organization and to procedures applicable to its activities:

Description of changes
Not applicable due to the short time the Board has been operating.

Describe the assessment process and the areas assessed by the Board of Directors with the help, if any, of external advisors, regarding the operation and composition of the Board and its committees and any other area or aspect that has been assessed.

Description of the assessment process and the assessed areas
NA

C.1.18 Describe, in those years in which the external advisor has participated in the assessment, the business relationships that the external advisor or any group company maintains with the company or any other company in its group.

N/A. The company plans to carry out this assessment at the end of the 2021 fiscal year.

C.1.19 Indicate the circumstances under which directors are required to resign.

(i) When they cease to hold the executive positions with which their appointment as Board Member was associated.
(ii) When they are involved in any of the cases of incompatibility or prohibition provided by law or by the bylaws.
(iii) When they are seriously reprimanded by the board of directors for having breached their obligations as directors.
(iv) When their continuance on the Board of Directors may jeopardize or damage the interests, credit or reputation of the Company or when the reasons for which they were appointed cease to exist, including, without limitation, when there are significant changes in their professional situation or in the conditions under which they were appointed to the Board.
(v) When they are indicted or prosecuted in criminal proceedings or are the subject of disciplinary proceedings for serious or very serious misconduct conducted by the supervisory authorities.
(vi) In the case of proprietary directors (i) when the shareholder they represent sells its entire shareholding interest or reduces it significantly and, (ii) in the corresponding number, when such shareholder reduces its shareholding interest to a level that requires a reduction in the number of proprietary directors.

(vii) When, due to acts attributable to the director, his continuance on the Board of Directors causes serious damage to the Company's assets or reputation, in the opinion of the Board of Directors.

(viii) When they sit on more than four boards of directors of other companies (other than the Company).

C.1.20 Are qualified majorities, other than those established by law, required for any specific decision?

[ ] Yes
[√] No

If so, describe the differences.

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, to be appointed as chairman of the Board of Directors:

[ ] Yes
[√] No

C.1.22 State whether the Bylaws or the Regulations of the Board establish any limit as to the age of directors:

[ ] Yes
[√] No

C.1.23 State whether the Bylaws or the Regulations of the Board establish any term limits for independent directors other than those required by law:

[ ] Yes
[√] No

C.1.24 Indicate whether the Bylaws or the Regulations of the Board establish specific proxy rules for votes at Board meetings, how they are to be delegated and, in particular, the maximum number of proxies that a director may hold, as well as whether any restriction has been established regarding the categories of directors to whom proxies may be granted beyond the restrictions imposed by law. If so, briefly describe such rules.

In accordance with the Board Regulations, the directors shall make every effort to attend the meetings of the Board of Directors and, when they are unable to do so in person, they shall grant their proxy in writing and on a special basis for each meeting to another member of the Board of Directors, including the appropriate instructions and informing the Chairman of the Board of Directors thereof. In the case of non-executive directors, they may only be represented by another member of the board of directors in the same capacity. Non-attendance of board members at meetings of the board of directors shall be quantified in the annual corporate governance report.

C.1.25 Indicate the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairman present. Proxies granted with specific instructions shall be counted as attendance.

Number of Board meetings	3
Number of board meetings without the chairman	0

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	0

Indicate the number of meetings held during the year by the different Board Committees:

Number of meetings held by the Audit Committee	1
Number of meetings held by the Sustainable Development Committee	0
Number of meetings held by the Appointments and Remuneration Committee	0

C.1.26 Indicate the number of meetings held by the Board of Directors during the year and the data on attendance by its members.

Number of meetings with on-site attendance of at least 80% of directors.	3
% of on-site attendance over total votes during the year	100.00
Number of meetings with on-site attendance or representations by proxy made with specific instructions of all directors	3
% of votes cast with on-site attendance and representations by proxy made with specific instructions of all directors	100.00

C.1.27 State whether the individual and consolidated financial statements submitted to the Board for approval are previously certified:

[ ] Yes
[√] No

Identify, where applicable, the person(s) who certified the individual and consolidated financial statements of the company for their preparation by the Board:

C.1.28 Explain any measures, if any, established by the Board of Directors to prevent the individual and consolidated financial statements prepared by the Board from being submitted to the General Shareholders' Meeting without being in accordance with accounting standards.

The Board of Directors has delegated the supervision of the Company's financial and non-financial information to the Audit Committee and internal control mechanisms have been established, given that all financial and non-financial information proposed for approval by the Board is favorably reported and in advance by the Audit Committee. Likewise, the company's internal audit function, as part of its action plan, reviews the periodic financial and accounting information prior to its consolidation.

C.1.29 Is the secretary of the Board also a director?

[ ] Yes
[√] No

If the secretary is not a director, fill in the following table:

Name or company name of the secretary	Representative
MS. SILVIA AMATERATSU DÍAZ DE LASPRA MORALES	

C.1.30 State, if any, the specific measures established by the company to ensure the independence of its external auditors, as well as, where appropriate, the measures established to ensure the independence of financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

Independence of the external auditors

Points 14v and 14 vi of the Regulations of the Board of Directors establish the relations with the auditors to receive information on those matters that may jeopardize their independence, for examination by the Audit Committee, and any other matters related to the process of auditing the accounts and, where appropriate, the authorization of services other than those prohibited in the terms contemplated in the applicable regulations, as well as those other communications contemplated in the legislation on the auditing of accounts and in the remaining auditing standards. In any case, the audit committee shall receive annually from the auditors written confirmation of their independence from the Company and entities related to it, directly or indirectly, as well as detailed and individualized information on the additional services of any kind rendered and the corresponding fees received from these entities by the external auditor or by the persons or entities related to it, in accordance with the provisions of the legislation on auditing of accounts.

In this regard, a report shall be issued annually, prior to the audit report, expressing an opinion as to whether the independence of the auditors or audit firms is compromised. This report shall, in any case, express an opinion on the provision of the additional services referred to in the preceding paragraph, individually considered and as a whole, other than the statutory audit and in relation to the independence regime or to the regulatory audit regulations.

The Audit Committee's activity report includes an assessment of the independence of the external auditor, verifying that there are no grounds for incompatibility or abstention, as well as prohibitions, and that any threat to its independence has been correctly identified and assessed.

Independence of financial analysts, investment banks and rating agencies

The principles underlying the company's relationship with financial analysts and investment banks are based on transparency, simultaneity and non-discrimination, and always in strict compliance with the regulations governing the securities markets. Likewise, the company pays special attention not to compromise or interfere with the independence of financial analysts with respect to the services provided by investment banks, in accordance with the internal codes of conduct established by them and aimed at separating their analysis and advisory services.

C.1.31 Indicate whether the Company changed its external auditor during the year. If so, identify the incoming auditor and outgoing auditor:

[ ] Yes
[√] No

If there has been any disagreement with the outgoing auditor, provide an explanation thereof:

[ ] Yes
[√] No

C.1.32 State whether the audit firm provides any non-audit services to the company and/or its group and, if so, the fees paid, and the corresponding percentage of total fees invoiced to the company and/or its group:

[√] Yes
[ ] No

	Company	Group companies	Total
Amount invoiced for non-audit services (thousand euros)	345	13	358
Amount of non-audit services / total amount invoiced by the audit firm (in %)	59.79	2.07	29.71

C.1.33 State whether the auditor's report on the annual accounts for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders by the chairman of the Audit Committee to explain the content and scope of such qualified opinion or reservations.

[ ] Yes
[√] No

C.1.34 State the number of consecutive years the current audit firm has been auditing the individual and/or consolidated annual accounts of the company. Likewise, state the number of years audited by the current audit firm as a percentage of the total number of years that the annual accounts have been audited:

	Individual	Consolidated
Number of consecutive years	1	6

	Individual	Consolidated
Number of years audited by current audit firm/Number of years the company or its group have been audited (%)	100.00	43.00

C.1.35 Indicate and, if applicable, give details of any procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with enough time:

[√] Yes
[ ] No

Description of the procedure
The company sends the notices to the Board of Directors as far in advance as possible and in any case exceeding the minimum limit of three days established in the Board Regulations. Once the notices have been sent to the board or the committees, the company or the chairmen organize working meetings to identify all those aspects that require a higher level of information than that sent, or so that the directors can ask clarifying questions or request additional information to that provided. At all times, the company promotes contact between the board members and the company's senior management, so that the board members have a direct contrast between the information to be approved and the internal management. The board regulations provide the option for all board members to request specific advice for the performance of their duties. In addition, the Board of Directors ensures fluid advice and information through the Secretary and the legal counsel.

C.1.36 State whether the company has established rules whereby directors must provide information and, if applicable, resign, in circumstances that may damage the company's standing and reputation. If so, provide details:

[√] Yes
[ ] No

Explain the rules
The directors must place their position at the disposal of the board of directors and formalize, if the board deems it appropriate, the corresponding resignation in the following cases: (i) When they cease to hold the executive positions with which their appointment as Board Member was associated. (ii) When they are involved in any of the cases of incompatibility or prohibition provided by law or by the bylaws. (iii) When they are seriously reprimanded by the board of directors for having breached their obligations as directors. (iv) When their continuance on the Board of Directors may jeopardize or damage the interests, credit or reputation of the Company or when the reasons for which they were appointed cease to exist, including, without limitation, when there are significant changes in their professional situation or in the conditions under which they were appointed to the Board. (v) When they are indicted or prosecuted in criminal proceedings or are the subject of disciplinary proceedings for serious or very serious misconduct conducted by the supervisory authorities. (vi) In the case of proprietary directors (i) when the shareholder they represent sells its entire shareholding interest or reduces it significantly and, (ii) in the corresponding number, when such shareholder reduces its shareholding interest to a level that requires a reduction in the number of proprietary directors.

C.1.37 State whether any member of the Board of Directors has notified the company that he or she has been tried or notified that legal proceedings have been filed against him or her, for any offences described in Article 213 of the Corporate Enterprises Act:

[ ] Yes
[√] No

C.1.38 List the significant agreements entered into by the company that come into force, are amended or are terminated in the event of a change of control of the company following a takeover bid, and their effects.

NA

C.1.39 Identify individually for directors, and generally in other cases, and provide detail of any agreements made between the company and its directors, executives or employees containing compensation or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction.

Number of beneficiaries	1
Beneficiary	**Description of the agreement**
Chief Executive Officer	In the event of a restructuring of the company or change of ownership that implies a change of control, whatever its form, the Chief Executive Officer, if he/she chooses to leave his/her position, shall be entitled to receive an indemnity equal to twice the amount of the last total annual compensation received, which shall include fixed compensation, variable compensation, long-term incentive plans and all rights and benefits that may have been established.

State if these contracts have been communicated to and/or approved by the management bodies of the company or its group. If so, specify the procedures, expected events and nature of the bodies responsible for their approval or for communicating this:

	Board of Directors	General Shareholders' Meeting
Body authorizing the clauses	√	

	Yes	No
Are these clauses notified to the General Shareholders' Meeting?	√	

C.2 Committees of the Board of Directors

C.2.1. Give details of all committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other external directors that comprise them:

Audit Committee		
Name	Position	Category
MR. FERNANDO CABALLERO DE LA SEN	CHAIRMAN	Independent
MR. JOSÉ FRANCISCO MORALES TORRES	MEMBER	Proprietary
MS. NURIA ALIÑO PÉREZ	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external	0.00

Explain the functions, including, where appropriate, functions other than those provided for by law, exercised by this committee, and describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions attributed thereto by law, in the bylaws or other corporate resolutions.

- Report to the general meeting of shareholders on matters within its competence and, in particular, on the outcome of the audit.
- To supervise the effectiveness of the internal control of the Company and its group, the internal audit and the financial and non-financial risk management systems, as well as to discuss with the auditor the significant weaknesses of the internal control system detected in the course of the audit, all of this without infringing its independence.
- Supervise the process of preparation and presentation of regulated and non-financial information and submit recommendations or proposals to the Board of Directors.
- Propose to the Board of Directors, for submission to the General Shareholders' Meeting, the selection, appointment, re-election or replacement of the auditors, in accordance with the applicable regulations, as well as the terms and conditions of their engagement, and to obtain regularly from him information on the audit plan and its execution, in addition to preserving his independence in the exercise of his functions.

- Establish the appropriate relationships with the auditors to receive information on those issues that may jeopardize their independence, for examination by the audit committee, and any other issues related to the process of auditing the accounts.
- Issue annually, prior to the statutory audit report, a report expressing an opinion as to whether the independence of the auditors or audit firms is compromised. This report shall, in any case, express an opinion on the rendering of the additional services referred to in the preceding paragraph, individually considered and as a whole, other than the statutory audit and in relation to the independence regime or to the regulatory audit regulations.
- Report, in advance, to the Board of Directors on all matters provided for in the Law, in the Company's bylaws and in the Regulations of the Board of Directors and, in particular, on: (i) the financial information that the Company must periodically make public; (ii) the creation or acquisition of interests in special purpose entities or entities domiciled in countries or territories that are considered tax havens and (iii) transactions with related parties.
- Supervise the Company's internal audit activity, supervising the internal audit plan and verifying that the main financial and non-financial risk areas of the business have been considered in said plan.
- In relation to the information and internal control systems: (a) supervise the preparation process and the integrity of the financial information relating to the Company and, where appropriate, the group; (b) ensure the independence of the unit that assumes the internal audit function, propose the selection, appointment, reappointment and removal of the head of the internal audit service, ; receive periodic information on the execution of the annual work plan, and (c) establish and supervise a mechanism that allows employees or other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report, confidentially or anonymously, any potentially significant irregularities, including financial, accounting or any other type of irregularities related to the company that they may notice within the Company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications may be made anonymously, respecting the rights of the whistle-blower and the reported party.
- In relation to the external auditor: (a) in the event of resignation, to examine the circumstances that may have caused it; (b) to ensure that its compensation does not compromise its quality or independence; (c) to supervise that the Company communicates through the CNMV the change of auditor and accompanies it, if applicable, with a statement on the possible existence of disagreements with the outgoing auditor and their content; (d) to ensure that the external auditor is not removed from the Board of Directors; (e) to ensure that the external auditor's remuneration does not compromise its quality or independence; (f) to ensure that the external auditor's independence is not compromised; (e) to ensure that the Company and the external auditor comply with current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other regulations on auditor independence. Ensure that the annual accounts that the Board of Directors submits to the General Shareholders' Meeting are prepared in accordance with accounting regulations and that in those cases in which the auditor has included a qualification in its audit report, the Chairman of the Audit Committee clearly explains to the General Shareholders' Meeting the Audit Committee's opinion on the content and scope of such qualification.

To summon any employee or officer of the Company, and even order them to appear without the presence of any other officer.

- Review that the financial and non-financial information published on the Company's corporate website is permanently updated.

- Periodically evaluate the need for an independent area for risk control and management.
- Define the procedure for the selection of the auditor.

For additional information, please refer to the annual report of the audit committee, which will be published on the company's website.

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the chairman of this committee was appointed.

Name of director with experience	MR. JOSÉ FRANCISCO MORALES TORRES / MS. NURIA ALIÑO PÉREZ
Date of appointment of the chairman in office	06/10/2021

Sustainable Development Commission		
Name	Position	Category
MS. NURIA ALIÑO PÉREZ	CHAIRMAN	Independent
MS. MARIA SICILIA SALVADORES	MEMBER	Independent
MS. MARINA MORENO DÓLERA	MEMBER	Proprietary

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

Explain the functions, including, where appropriate, functions other than those provided for by law, exercised by this committee, and describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions attributed thereto by law, in the bylaws or other corporate resolutions.

- Supervision of compliance with the Company's corporate governance rules and internal codes of conduct, as well as ensuring that the corporate culture is aligned with its purpose and values.
- Supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders. Likewise, the way in which the Company communicates and relates with small and medium-sized shareholders shall be monitored.
- Evaluation and periodic review of the corporate governance system and the company's environmental and social policy, so that they fulfill their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of other stakeholders.
- Monitoring that the company's environmental and social practices are in line with the strategy and policy.
- Monitoring and evaluation of the relationship processes with the different stakeholders.
- To monitor the Company's performance in the area of corporate reputation and report thereon to the Board of Directors when appropriate.

- Report, prior to its approval, the annual corporate governance report and the Company's statement of non-financial information. To this end, obtaining the necessary reports, as the case may be, from the audit committee and the appointments and remuneration committee in relation to the sections of said report that fall within its competencies.
- Reporting on proposed amendments to the Board of Directors Regulations and the Code of Ethics.
- Issue the reports and develop the actions that, in its area of competence, correspond to it, additionally, in accordance with the corporate governance system or as requested by the board of directors or its chairman.
- Assume the functions attributed to him/her in the code of ethics.

Appointments and Remuneration Committee		
Name	Position	Category
MS. MARIA SICILIA SALVADORES	CHAIRMAN	Independent
MR. FERNANDO CABALLERO DE LA SEN	MEMBER	Independent
MS. NURIA ALIÑO PÉREZ	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	100.00
% of other external directors	0.00

Explain the functions, including, where appropriate, functions other than those provided for by law, exercised by this committee, and describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions attributed thereto by law, in the bylaws or other corporate resolutions.

- Evaluate the skills, knowledge and experience required on the board of directors. To this end, it shall define the functions and skills required of the candidates to fill each vacancy and evaluate the time and dedication necessary for them to effectively perform their duties, taking into account a previously prepared competency matrix defining the most appropriate functions, skills, knowledge and experience for the same.
- Analyze the other occupations of each director of the Company, ensuring that the directors devote sufficient time in practice and, if this is not the case, propose appropriate measures.
- Establish a representation target for the underrepresented gender on the board of directors and develop guidance on how to achieve this target.
- To submit to the Board of Directors proposals for the appointment of independent directors for appointment by cooptation or for submission to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or removal of such directors by the General Shareholders' Meeting.
- Report the proposals for appointment of the remaining directors for their appointment by cooptation or for their submission to the decision of the general meeting of shareholders, as well as the proposals for their re-election or removal by the general meeting of shareholders.
- To report on proposals for the appointment, reappointment and removal of management personnel and the basic conditions of their contracts.

- Examine and organize the succession of the chairman of the board of directors and the chief executive of the Company and, if appropriate, make proposals to the board of directors so that such succession occurs in an orderly and planned manner, consulting with the presiding director of the Company, and involving the coordinating director, if any, and provided that he is not a member of the appointments and compensation committee.
- Propose to the Board of Directors the remuneration policy for directors and general managers or those who perform their duties as executive personnel reporting directly to the Board of Directors, Executive Committees or Chief Executive Officers, as well as the individual remuneration and other contractual conditions of the executive directors, verifying and ensuring their observance.
- Ensuring compliance with the Company's compensation policy.
- Periodically review the remuneration policy applied to directors and senior managers, including share-based compensation systems and their application, and ensure that their individual remuneration is proportionate to that paid to other directors and senior managers.
- Propose to the board of directors a policy for the selection of directors and, where appropriate, senior management, which should include the following measures that encourage the company to have a significant number of senior managers.
- Ensure that possible conflicts of interest do not impair the independence of the external advice provided to the Commission.
- Verify the information on remuneration of directors and senior management contained in the various corporate documents, including the annual compensation report.

For additional information, please refer to the annual report of the Appointments and Remuneration Committee, which will be published on the company's website.

C.2.2. Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors							
	Year 2020		Year 2019		Year 2018		Year 2017	
	Number	%	Number	%	Number	%	Number	%
Audit Committee	1	33.33	NA	NA	NA	NA	NA	NA
Sustainable Development Committee	3	100.00	NA	NA	NA	NA	NA	NA
Appointments and Remuneration Committee	2	66.67	NA	NA	NA	NA	NA	NA

C.2.3. Indicate, where appropriate, the existence of regulation of the committees of the board, the place where they are available for consultation, and the modifications that have been made during the year. In turn, it will be indicated if an annual report on the activities of each committee has been voluntarily prepared.

The committees, their composition, functions and organization are regulated in the Regulations of the Board of Directors. The three committees have prepared annual activity reports for the year 2020.

D. LINKED OPERATIONS AND INTRAGROUP OPERATIONS

D.1 Explain, where appropriate, the procedure and competent bodies for the approval of transactions with related parties and intercompany.

The approval of transactions with related parties and intra-group transactions requires a prior favorable report from the Audit Committee and subsequent approval by the full Board of Directors, which is a non-delegable power.
The Audit Committee shall issue an annual report, attached to the Financial Statements, on the related-party and intragroup transactions submitted for analysis by the Committee itself. For the 2021 financial year, the company plans to develop an internal procedure that complements the regulations for the management by the audit committee of related-party transactions.

D.2 Detail those significant transactions, by their amount or relevance because of their subject matter, carried out between the company or entities of their group, and the significant shareholders of the company.

Name or corporate name of significant shareholder	Name or corporate name of the company or its group company	Nature of the relationship	Type of transaction	Amount (thousand euros)
GRUPO CORPORATIVO SEFRAN, S.L.	Soltec Power Holdings S.A.	Contractual	Financing agreements: loans	2,650
GRUPO CORPORATIVO SEFRAN S.L.	Soltec Power Holdings S.A.	Contractual	Interest paid	1,201

Nothing to highlight

D.3 State any transactions that are significant because of their amount or relevant because of their subject matter, carried out between the company or its group companies, and the directors or managers of the company:

Name or corporate name of directors or officers	Name or company name of the company or group entity	Link	Nature of the operation	Amount (thousands of euros)
No data				NA

Nothing to highlight

D.4 Report any material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's ordinary business activities in terms of their purpose and conditions.

In any case, list any intragroup transaction conducted with entities in countries or territories which are considered tax havens:

Corporate name of the entity in your group	Brief description of the operation	Amount (thousands of euros)
No data		NA

There were no unusual transactions or transactions outside the normal course of business with relevant related companies during 2020 other than those disclosed in point D3 above.

D.5 List any material transactions between the company or its group companies and other related parties, not recorded under the previous items.

Name of related party	Brief description of transaction	Amount (thousand euros)
No data		NA

D.6 List the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders.

The Regulations of the Board of Directors expressly establish a mechanism for identifying and resolving conflicts, which is detailed in Article 29. However, the company plans to develop a more detailed procedure on this matter in its 2021 governance plan.

D.7 Indicate whether the company is controlled by another entity within the meaning of Article 42 of the Code of Commerce, whether listed or not, and has, directly or through its subsidiary companies, business relationships with such entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them.

[ ] Yes
[√] No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the Company's Risk Control and Management System, including the system for managing tax risks.

Soltec Group's risk management is linked to the responsible development and growth of the Group's companies with the objective of maintaining its relevant position and leadership in the global photovoltaic energy market.

The main objective of risk management is to identify, define and quantify all business risks in order to apply optimal mitigating measures to eliminate or reduce the probability and/or severity of identified threats, as well as to take advantage of opportunities, allowing the Soltec Group to develop its business and grow in a sustainable manner, making informed and consistent decisions.

Risk management is an inherent activity in each and every process of the Soltec Group, where all departments of the Group's companies collaborate in the daily control of risks. Additionally, in a second line of control, there is a risk management department, with periodic committees, which effectively monitors and systematizes the activity. As a third line of control, there is an internal audit department to ensure the correct operation of the Group's companies.

In the tax area, in 2020 the company obtained certification from Aenor for compliance with the UNE 19602 standard, so that risk control in tax matters is optimal.

In addition, the company has been certified in 2020 for compliance with the UNE 19601 standard on the prevention of criminal risks.

The company plans, through the committees and with the prior approval of the board, to implement internal procedures that provide transparency in risk management in the company, this being an essential matter for the company.

E.2 Identify the company's bodies responsible for creating and executing the Risk Control and Management System, including the system for managing tax risks:

Board of Directors: In accordance with the provisions of the LSC, risk management is a non-delegable matter attributed to the full Board of Directors.

Audit Committee: As established in the Board Regulations, risk management is a matter of responsibility of the Audit Committee, in accordance with Article 14.4 (ii) of the aforementioned text.

Risk Management Committee The Risk Management Committee consists of a permanent internal body of an informative and executive nature that will discuss and reach agreements in relation to risk management and insurance at corporate level, in offers and in projects, as well as other issues of a strategic nature in relation to risk management with the objective of guaranteeing the sustainability of Soltec. In addition, it will ensure the creation of mechanisms that promote risk management in all company processes with the aim of guaranteeing Soltec's sustainability and solvency.

Investment Committee: The Investment Committee is a permanent internal body of an informative and executive nature that will discuss and reach agreements regarding investment initiatives at the corporate level, with the objective of seeking the profitable growth of the company. It will also oversee the creation of mechanisms to ensure that the decision-making processes, as far as investments are concerned, have policies and procedures that contribute to the achievement of Soltec's strategic objectives.

Safety Committee: Among others, risk management related to safety issues.

Business Development Committee: Among others, risk management related to business development issues.

Operations Committee: Among others, risk management related to ongoing project issues.

Talent Committee: Among others, risk management related to human resources matters.

Tax compliance body: Created within the framework of the tax compliance program, it is composed of three members from the tax and financial area of the company, and its purpose is to ensure and supervise compliance with the company's tax obligations.

E.3 State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives.

The main operational, strategic and regulatory risks affecting the Group are related to the uncertainty in the demand for products and services in a changing environment, affected by the global pandemic Covid-19, the difficulties in adapting to the different regulatory environments together with political and social instabilities, as well as potential regulatory changes, the growing competitiveness in the photovoltaic industry and specifically in the solar tracker industry, with impacts on the reduction of solar tracker prices, potential regulatory non-compliance at the operational level, information security related to product R&D, as well as potential problems arising from natural disasters, system failures and/or supply interruptions.

In relation to financial risks, the main risks are related to market risks (exchange rate and interest rate), liquidity, obtaining the necessary guarantees to be able to contract and execute projects and customer credit.

Corruption risks are adequately controlled through a legal and tax compliance risk management system.

E.4 Identify whether the entity has a risk tolerance level, including tolerance for tax compliance risk.

Yes, risk management quantifies all business risks by defining tolerance levels, including tax risk.
The company is currently in the process of updating the risk map, in which this point will be more precisely defined.

E.5 Identify which risks, including tax compliance risks, have materialized during the year.

1. Uncertainty associated with the demand for products and services in a changing environment affected by a pandemic.
2. Potential problems resulting from system failures and/or supply interruptions.
3. Growing competitiveness of the industry.
4. Reduction of solar tracker prices.
5. Security of product R&D-related information.
6. Potential operational non-compliance and/or increased costs.
7. Liquidity.
8. Customer credit.
9. Obtaining the necessary guarantees to be able to contract/execute projects.
10. Market (exchange rate/interest rate).

E.6 Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise.

Operation of the control systems corresponding to each of the risks listed in the previous section:

1. Adequate. Among others, the following control systems are included: commercial follow-up with major clients; prospecting for new clients; follow-up on opportunities due to regulatory changes and budget allocation; and local presence in key countries.
2. Adequate. These include, among others, the following control systems: diversification of suppliers both in terms of companies and geographically; local presence in key countries.
3. Adequate. Among others, the following control systems are included: investment in R&D&I; diversification with new products; study of synergies and new business lines; continuous improvement systems; local presence in key countries; agreements with key players within the industry.
4. Adequate. Among others, the following control systems are included: local presence in key countries; supplier price optimization; design optimization through investment in R&D&I; establishment of framework agreements with suppliers; monitoring of raw material price fluctuations.
5. Adequate. These include, among others, the following control systems: ISO 27001 certification; designation of a security manager; implementation of access control at headquarters; performance of a security audit; non-competition covenants for key personnel.
6. Adequate. These include, among others, the following control systems: local presence in key countries; local legal and tax advice; monitoring of local design regulation updates; transfer to the client with regulation of change of law clauses and variations; requirement of clear project specifications to clients.
7. Adequate. Among others, the following control systems are included: framework agreements with financing entities; review of new financing formulas; framework agreements with suppliers/clients; review of project cash flow prior to signing the contract, in accordance with the payment conditions of the client and suppliers; analysis of the maximum risk of non-payment; monitoring of the cash flow of projects under execution.
8. Adequate. Among others, the following control systems are included: transfer to the insurance/financial market; transfer to clients requesting the issuance of letters of credit/other types of guarantees; review of project cash flow prior to signing the contract, in accordance with

the client's payment conditions and to suppliers; analysis of the maximum risk of non-payment; monitoring of the cash flow of projects under execution.

9. Adequate. Among others, the following control systems are included: framework agreements with entities; financing/insurance companies; active monitoring of the status of guarantees issued and of the overall position; negotiation with clients; strengthening of the balance sheet.
10. Adequate. Among others, the following control systems are included: hedging contracts; monitoring of rate fluctuations; agreements with suppliers in the same currency as the main contract; framework agreements with financing entities.

F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN CONNECTION WITH THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms comprising the system of Internal Control over Financial Reporting (ICFR) of your company.

F.1 Company's control environment.

Specify at least the following components with a description of their principal features:

C.1.1 The bodies and/or departments that are responsible for (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation; and (iii) their supervision.

The Internal Control over Financial Reporting system, hereafter ICFR or SCIIF, is part of the internal control system of Soltec Power Holdings and is configured as a system designed to provide reasonable assurance on the reliability of financial reporting. The Group's ICFR was designed during the second half of 2020 and finalized in November 2020. The accounting closing of December 2020 was the first one carried out under the quality standards required by the design of Soltec's ICFR, so that during the 2021 financial year the relevant reviews will be carried out to ensure the correct development and optimal operation of the designed system.

Soltec Power Holding's model of ICFR responsibilities is articulated through the following bodies and/or functions that develop, maintain, and supervise the process of preparing the Group's financial information:

- The Board of Directors is responsible for determining the risk control and management policy, including tax risks, and the supervision of internal information and control systems, as set forth in Article 5.4 (xii) of the Board of Directors Regulations. Being ultimately responsible for ensuring an internal control environment that favours the generation of reliable, complete and timely financial information. These functions have been delegated to the Audit Committee in accordance with Article 14.5(ii) of the Board of Directors Regulations.
- The Audit Committee's responsibilities include supervising the effectiveness of the internal control of the Company and its group, the internal audit and the financial and non-financial risk management systems (including operational, technological, legal, social, environmental, political, reputational and corruption-related risks), ensuring that the policies and systems established for internal control are effectively applied in practice, and discussing with the auditor any significant weaknesses in the internal control system detected in the course of the audit, all this without infringing the auditor's independence.

Likewise, to supervise the preparation process and the integrity of the financial information relating to the Company and, if applicable, to the group, reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria as established in Article 14.5(ix) of the Board of Directors' Regulations.

For the development of these functions, the Audit Committee has an Internal Audit Department.

- The Finance Department is responsible for the design, implementation, execution and monitoring of the ICFR.
- Internal Audit, which reports to the Audit Committee, is responsible for evaluating and improving the efficiency of processes and monitoring internal control within the organization. One of the main functions of Internal Audit is to ensure the proper functioning of the ICFR. For this function, Internal Audit perform the following tasks:
  - Perform periodic reviews to ensure that documentation is updated in accordance with the Annual Audit Plan.
  - Design and execute, based on the scope of review agreed in the audit planning phase, tests on general controls, technological controls and process controls.
  - It shall issue reports on the reviews carried out on the ICFR, and in accordance with the Annual Audit Plan.
  - Verify the correct implementation of the corrective actions identified on the ICFR according to the Annual Audit Plan.

The objectives, management, review and other particularities of the ICFR are regulated in three internal policies:

- ICFR Policy Soltec Group.
- ICFR monitoring procedure.
- ICFR risk management procedure.

C.1.2 Whether the following components exist, especially in connection with the financial reporting process:

The departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the company.

The design and review of the organizational structure, as well as the definition of the lines of responsibility, is the responsibility of the Human Resources Department, under the Group's Strategy Department, which defines the lines of distribution of tasks and organizational functions of the Group.

Likewise, it is the responsibility of the Board of Directors, through the Appointments and Remuneration Committee, as established in the various sections of article 15 of the Board of Directors' Regulations, to evaluate the skills, knowledge, availability and experience required on the Board of Directors, To submit to the board of directors proposals for the appointment of independent directors and to propose to the board of directors the remuneration policy for directors and general managers or those who perform their duties as executive personnel reporting directly to the board of directors, executive committees or managing directors, as well as the individual remuneration and other contractual conditions of the executive directors, verifying and ensuring their observance.

Code of conduct, the body approving it, degree of dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of reviewing breaches and proposing corrective actions and sanctions.

The purpose of SOLTEC POWER HOLDINGS S.A.'s Code of Conduct is to establish the guidelines and action guidelines for all its administrators, managers and workers in their daily performance, with regard to the relations it maintains with all its stakeholders, with a transparent, effective and efficient management of resources, being honest with customers, suppliers, institutions, and being socially and environmentally responsible.

This Code of Conduct forms part of and is the basis for the Corporate Compliance Program implemented in the Group to prevent, avoid and detect the commission of criminal offenses in the business environment in compliance with the provisions of the Criminal Code and the Tax Compliance program. The Group's Code of Conduct is based on the definition of the Group's Mission, Vision, Values and Principles, and stands as a guide for action to ensure proper performance in the professional performance of its employees, adapting and accommodating to the legislation in force in the country where the Group carries out its activities, as well as with the Internal Policies and Protocols. During 2020 Soltec obtained the UNE 19601 certifications for the Criminal Compliance Management System, which includes Soltec's code of conduct.

Whistleblowing channel, which makes it allows reporting any irregularities of a financial or accounting nature to the audit committee, as well as possible breaches of the code of conduct and irregular activities at the organization, stating whether reports made through this channel are confidential.

There is a whistleblower channel open to all employees, or anyone who has dealings with the company, which allows them to confidentially report any irregularity or breach of the code of conduct to the Compliance Body. The means of communication is via e-mail. In the event that the irregularity is of an accounting or financial nature, the compliance body would bring this circumstance to the attention of the audit committee.

Training and refresher programs for personnel involved in the preparation and review of financial information, as well as in the evaluation of ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

The Human Resources Department, which reports to the Strategy Department, oversees managing and planning all matters related to training programs and other support elements to meet the training needs of employees. In coordination with the departments reporting to the Finance Department, Human Resources identifies and analyzes the specific training needs of the personnel involved in the preparation and review of financial information, considering as main subjects those related to accounting, internal control and risk management aspects. The Financial Management has a budget to allocate to training depending on the needs, regulatory changes and accounting updates that occur.

F.2 Risk assessment in financial reporting.

Please report at least:

F.2.1 Indicate what are the key features of the risk identification process, including error and fraud risk, with regard to:

If the process exists and is documented.

The risk identification process is documented in the Global Risk Management Policy whose main function is to identify, define and quantify all business risks to apply the optimal mitigating measures to eliminate or reduce the probability and/or severity of identified threats, as well as to take advantage of opportunities, allowing the Soltec Group to develop its business and grow in a sustainable manner, making informed and consistent decisions.

There is also a Risk Committee, which is a permanent internal body of an informative and executive nature that will discuss and reach agreements in relation to risk management and insurance at the corporate level, in offers and projects, as well as other strategic issues related to risk management to ensure the sustainability of Soltec. In addition, it will ensure the creation of mechanisms that promote risk management in all the company's processes with the aim of guaranteeing Soltec's sustainability and solvency. This committee is made up of members of the company's senior management.

Soltec has implemented a risk procedure in the analysis of bids where it is mandatory to perform a risk analysis of potential contracts of Soltec Power Holdings S.A. and its subsidiaries in the bidding and/or negotiation phase.

Soltec is in the process of obtaining a standardized and functional risk map that will be updated periodically and will include all financial and operational risks.

The management of ICFR risks is documented in the ICFR Risk Management Procedure.

Internal Audit works closely with the risk management area incorporating a continuous exchange of information and accommodating the requirements of this area to the annual audit plan.

If the process covers all financial reporting objectives (existence and occurrence, completeness, valuation, presentation, disclosure and comparability, and rights and obligations), and if it is updated and how often.

The risk management process is reviewed annually while the bid risk management process identifies, monitors and finally mitigates the risks identified in each of the bids presented by Soltec to its customers.

All risks related to the financial reporting processes have controls in place to ensure that the financial information adequately meets the existence, occurrence, completeness, valuation, presentation, disclosure and comparability requirements for which the ICFR was designed.

A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.

The consolidation perimeter of the Soltec Group is reviewed at each monthly closing. The Administration Department is responsible for analyzing the companies that are incorporated and those that cease to form part of this perimeter. Both the incorporation and acquisition of companies, as well as their sale or dissolution, are subject to internal authorization processes that clearly identify all entries and exits from the scope of consolidation.

Whether the process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.

The objective is to obtain a comprehensive view of them, designing an efficient response system aligned with the company's business objectives, which is accomplished by reviewing the risks on offer that involve the most significant risks for the company. The risk map to be implemented in 2021 will increase the control, scope, monitoring and visibility of corporate risks at group level.

What governing body of the company is responsible for overseeing the process.

The financial reporting process is the ultimate responsibility of the Board of Directors. Risk management also reports directly to the Audit Committee.

F.3 Control of activities.

Please inform, indicating its main characteristics, if the Company has at least:

F.3.1 Procedures for reviewing and authorizing the financial information and description of ICFR to be disclosed to the securities markets, stating who is responsible in each case and the documentation describing the flow of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.

In accordance with the Regulations of the Board of Directors, the Audit Committee is responsible, among others, for reviewing the annual financial statements and the periodic information that the Board of Directors must provide to the markets and their supervisory bodies, always overseeing compliance with legal requirements and the correct application of generally accepted accounting principles in their preparation.

The Regulations also state that the Audit Committee shall meet quarterly to review the periodic financial information to be submitted to the stock exchange authorities as well as the information that the Board of Directors must approve and include in its public documentation.

The Group also maintains different accounting policies and procedures to ensure the reliability of financial information. Some of these policies are:

- Accounts Payable Procedures.
- Accounts Receivable Procedure.
- Accounting Manual Fixed Assets.
- Accounting Manual Fixed Assets.
- Leasing Manual.
- Asset Impairment Manual.
- On Site Administrative Control Procedure.
- Closing of accounting periods.
- Treasury Policy.
- Guarantor Management Policy.
- Project Cash Flow Policy.
- Supplier Financial Management Procedure.
- Exchange Rate Risk Management Procedure.

Everything related to ICFR is regulated by different policies and procedures:

- ICFR Policy Soltec Group
- ICFR monitoring procedure
- ICFR risk management procedure

F.3.2 Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity, and segregation of duties) giving support to key processes of the company regarding the preparation and publication of financial information.

Information systems play a relevant role and are an element that supports the processes of preparing the financial information to be reported externally, which is why they are included within the scope of action and configuration of the ICFR, thus defining a matrix of specific controls for IT processes.

The Group has an IT area whose objective is to ensure security in all IT processes through daily support to users, systems maintenance, development of improvements, independent testing of systems. Soltec also has an Information Security Policy applicable to the entire group.

In 2020, Soltec's IT area obtained the ISO 27001:2013 Information Security Standard certification.

The Group has contingency mechanisms and procedures, both technical and operational, to guarantee the recovery of information systems in the event of failure or unavailability both at the central offices and at any of the Group's regional offices.

F.3.3 Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

Concern is maintained for activities subcontracted to third parties that could have a significant impact on the financial statements with the purpose of ensuring that, in key processes that may be outsourced, there is maximum assurance control, in relation to the security standards and the preparation of financial information required at Group level.

For this reason, there are different policies and procedures that regulate and ensure the contracting process and the quality control of suppliers.

- Soltec's general purchasing terms
- Supplier approval procedure

- Sourcing procedure
- On-site purchasing procedure
- Product validation procedure

Likewise, the Purchasing Department maintains a series of model documents that it agrees with its suppliers, such as the NDAs that define the confidentiality relationship in the treatment of sensitive technical information by our suppliers. When the services of independent experts are engaged for work that supports valuations, judgments or accounting calculations, it is assured that they are firms of recognized prestige in the aspects consulted.

F.4 Information and Communication

Please inform, indicating its main characteristics, if the Company has at least

F.4.1 A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining fluid communications with those responsible for operations at the organization, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

The Finance Department, with its Administration, FP&A and Tax Departments, is responsible for keeping the accounting policies up to date and transmitting them to the personnel involved in the preparation of financial information.

For this purpose, there is a set of accounting policies, procedures and manuals (see point F.3.1) available on the Group's intranet and on the Group's website available to all employees, which act as a reference to set the guidelines for accounting records, financial statements and annual accounts.

F.4.2 Mechanisms for capturing and preparing financial information with consistent formats for application and use by all of the units of the company or the group, and which contain the main financial statements and notes, as well as detailed information regarding ICFR.

All the entities that make up the Soltec Power Holding group use the same financial information reporting tools and applications, regardless of the information systems used for the maintenance of accounting records. These tools are continuously reviewed by the IT department.

F.5 Supervision of system performance

Please inform, indicating its main characteristics, if the Company has at least

F.6 The activities of the audit committee in overseeing ICFR, as well as whether the entity has an internal audit function whose duties include providing support to the committee in its work of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.

Soltec Group maintains a proactive attitude to guarantee an updated model aligned with the reality of the business and the best regulatory practices. This analysis and constant monitoring of the ICFR, detecting possible improvements and making the corresponding changes, is carried out through the following actions:

- Periodic evaluation of the design and effectiveness of controls.
- Performing verifications and audits, according to the Audit Plan agreed for 2021, where one of the significant points of the scope is the review of the implementation of ICFR controls.
- Supervision by the Audit Committee, in relation to the ultimate control over the ICFR model, delegated from the Board of Directors, and instrumented through the Internal Audit functions.
- Report on the deficiencies identified, creating action plans to solve them, establishing the mechanisms for their follow-up and assigning the necessary resources for their fulfillment.

In order to guarantee an appropriate coverage of the ICFR review, an Annual Internal Audit Plan is established, which is approved and supervised by the Audit Committee and includes, from the establishment of the ICFR to its review.

F.5.1 Whether there is a procedure by which the external auditor (as provided in the Technical Auditing Standards), the internal auditor and other experts may inform senior management and the audit committee or senior managers of the company of the significant internal control weaknesses detected during the review of the financial statements or any such other reviews as may have been entrusted to them. Information shall also be provided on whether an action plan is available for correcting or mitigating the weaknesses found.

The Internal Audit function periodically communicates to senior management and the Audit Committee the internal control weaknesses identified in the process reviews carried out by means of reports issued at the end of each audit. These reports include action plans established for the mitigation of each of the weaknesses identified.

The Group's auditor has direct access to the Board of Directors through the Group's Audit Committee, holding regular meetings to communicate the control weaknesses detected in the course of its work. Annually, the external auditors present a report to management and the Audit Committee detailing the internal control weaknesses revealed in the course of their work.

F.7 Other relevant information

The design of the ICFR was carried out during the second part of 2020, being finalized at the end of November, being completed and implemented throughout the group at the end of 2020, so that 2021 will be the first year of applicability and therefore of review by the external auditors.

F.8 External auditor's report

Report on:

F.7.1 Whether the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment. If not, reasons why should be given.

The design of the ICFR was carried out during the second part of 2020, being finalized at the end of November, being completed and implemented throughout the group at the end of 2020, so that 2021 will be the first year of applicability and therefore of review by the external auditors.

G. EXTENT OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with the recommendations of the Good Governance Code of Listed Companies.

In the event that any recommendation is not followed or is partially followed, a detailed explanation of the reasons for this should be included so that shareholders, investors and the market in general have sufficient information to evaluate the company's actions. General explanations will not be acceptable.

1. **That the bylaws of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.**

   Complies [X] Explanation [ ]

2. **That when the parent company and a subsidiary are listed on the stock market, both should publicly and specifically define:**

   a) **The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary with other group companies.**

b) The mechanisms in place to resolve possible conflicts of interest.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

3. That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors verbally informs shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, and in particular:

a) Changes taking place since the last General Shareholders' Meeting.

b) Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.

Complies [ ] Partially complies [ ] Explanation[X]

The Chairman is expected to report to the General Shareholders' Meeting on all details related to corporate governance.

4. That the company has defined and promoted a policy of communication and contact with shareholders, institutional investors and proxy advisors that complies in all aspects with rules preventing market abuse and gives equal treatment to similarly situated shareholders.

And that the company has made such a policy public through its web page, including information related to the manner in which said policy has been implemented and the identity of contact persons or those responsible for implementing it.

And that, without detriment to the legal obligations regarding the dissemination of privileged information and other types of regulated information, the company also has a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it deems appropriate (media, social networks or other channels) that contributes to maximizing the dissemination and quality of the information available to the market, investors and other stakeholders.

Complies [ ] Partially complies [ ] Explanation [X]

It is provided for within the Corporate Governance Plan that a specific policy will be developed for all these issues within the 2021 fiscal year.

5. That the Board of Directors should not propose to the General Shareholders' Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.

And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its website regarding said exclusions as referenced in applicable company law.

Complies [X] Partially complies [ ] Explanation [ ]

6. That listed companies which draft any reports listed below, whether under a legal obligation or voluntarily, publish them on their website with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:

a) Report on the auditor's independence.
b) Reports on the operation of the audit committee and the appointments and remuneration committee.
c) Report by the audit committee regarding related-party transactions.

Complies [X] Partially complies [ ] Explanation [ ]

7. The company reports in real time, through its website, the proceedings of the General Shareholders' Meetings.

And that the company has mechanisms that allow the delegation and exercise of votes by telematic means and even, in the case of large cap companies and to the extent proportionate, attendance and active participation in the General Shareholders' Meeting.

Complies [X] Partially complies [ ] Explanation [ ]

8. **That the audit committee ensures that the Board of Directors presents the financial statements to the General Shareholders' Meetings without qualifications or reservations and that, in the exceptional circumstances in which qualifications may appear, that the chairman of the audit committee and the auditors clearly explain to the shareholders the content and scope the said qualifications or reservations.**

   Complies [X] Partially complies [ ] Explanation [ ]

9. **That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.**

   And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory manner.

   Complies [X] Partially complies [ ] Explanation [ ]

   This requirement is expected to be met at the first meeting as a listed company.

10. **That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:**

    a) **Immediately distributes the additions and new proposals.**
    b) **Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.**
    c) **Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.**
    d) **Communicates a breakdown of the results of said additions or alternative proposals after the General Shareholders' Meeting.**

    Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

11. **That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establishes in advance a general policy of long-term effect regarding such payments.**

    Complies [ ] Partially complies [ ] Explanation [ ] Not applicable [X]

12. **That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximisation of the economic value of the business.**

    And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and the environment.

    Complies [X] Partially complies [ ] Explanation [ ] Explanation [ ]

13. **That the Board of Directors is of an adequate size to perform its duties effectively and in a participatory manner, and that its optimum size is between five and fifteen members.**

    Complies [X] Explanation [ ]

14. That the Board of Directors approves a selection policy for directors that:

- **a) It is concrete and verifiable.**
- **b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the needs of the Board of Directors.**
- **c) Favours diversity in knowledge, experience and gender. For this purpose, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity.**

That the resulting prior analysis of the needs of the Board of Directors is contained in the supporting report from the appointments committee published upon a call from the General Shareholders' Meeting submitted for ratification, appointment, or re-election of each director.

The appointments committee will annually verify compliance with the selection policy of directors and explain its findings in the Annual Corporate Governance Report.

Complies [X] Partially complies [ ] Explanation [ ]

Since the creation of the Board, these requirements have been met. However, the 2021 governance plan includes the development of a specific policy on these issues.

15. That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at the required minimum, considering the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should account for at least 40% of the members of the board of directors before the end of 2022 and thereafter, and not be less than 30% prior to that date.

Complies [X] Partially complies [ ] Explanation [ ]

16. That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.

This criterion may be relaxed:

- **a) In large cap companies in which interests that are legally considered significant are minimal.**
- **b) In companies where a diversity of shareholders is represented on the Board of Directors without ties among them.**

Complies [X] Explanation [ ]

17. That the number of independent directors represents at least half of the total number of directors.

Nonetheless, when the company does not have a high level of market capitalization or if it is a large cap company with one shareholder or a group acting in a coordinated manner who together control more than 30% of the company's capital, the number of independent directors represents at least one third of the total number of directors.

Complies [X] Explanation [ ]

18. That companies publish and update the following information regarding directors on the company website:

- **a) Professional profile and biography.**
- **b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.**
- **c) Category of directorship, indicating, in the case of proprietary directors, the shareholder that they represent or to which they are connected.**
- **d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.**
- **e) The shares and options they own.**

Complies [X] Partially complies [ ] Explanation [ ]

19. **That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.**

Complies [ ] Partially complies [ ] Explanation [ ] Not applicable [X]

20. **That proprietary directors must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional manner, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.**

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

21. **That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Bylaws, unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.**

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Complies [X] Explanation [ ]

22. **That companies establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which may damage the company's standing and reputation. Specifically, directors must be required to report any criminal acts with which they are charged, as well as the consequent legal proceedings.**

And that should a director be indicted or tried for any of the offences set out in company law legislation, the Board of Directors must investigate the case as soon as possible and, based on the particular situation, decide whether the director should continue in his or her post. And that the Board of Directors must provide a reasoned written account of all these events in its Annual Corporate Governance Report.

Complies [X] Partially complies [ ] Explanation [ ]

23. **That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.**

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

24. **That whenever, due to resignation or any other reason, a director leaves before the completion of his or her term, the director should explain the reasons for this decision in a letter addressed to all the directors of the Board of Directors. Irrespective of whether the resignation has been reported as a relevant fact, it must be included in the Annual Corporate Governance Report.**

    And that, without prejudice to the disclosure of all of the above in the annual corporate governance report, to the extent that it is relevant for investors, the company should publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

    Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

25. **That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.**

    And that the Regulations of the Board establish the maximum number of company Boards on which directors may sit.

    Complies [X] Partially complies [ ] Explanation [ ]

26. **That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.**

    Complies [X] Partially complies [ ] Explanation [ ]

27. **That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.**

    Complies [X] Partially complies [ ] Explanation [ ]

28. **That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.**

    Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

29. **That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.**

    Complies [X] Partially complies [ ] Explanation [ ]

30. **That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require.**

    Complies [X] Explanation [ ] Not applicable [ ]

31. **That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.**

    When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall by duly recorded in the minutes.

    Complies [X] Partially complies [ ] Explanation [ ]

32. **That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.**

    Complies [X] Partially complies [ ] Explanation [ ]

33. **That the chairman, as the person responsible for the efficient operation of the Board of Directors, in addition to carrying out his duties required by law and the Bylaws, should prepare and submit to the**

Board of Directors a schedule of dates and matters to be considered; should organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its operation; should ensure that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Complies [X] Partially complies [ ] Explanation [ ]

These functions are scheduled to be developed in 2021

34. **That when there is a coordinating director, the Bylaws or the Regulations of the Board should confer upon him the following competencies in addition to those conferred by law: chairman of the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non-executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.**

Complies [ ] Partially complies [ ] Explanation [X] Not applicable [ ]

The company has appointed a coordinating director and is expected to carry out these functions throughout 2021.

35. **That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Good Governance Code and which are applicable to the company.**

Complies [X] Explanation [ ]

36. **The Board of Directors in full session should conduct an annual evaluation, adopting, when necessary, an action plan to correct weaknesses detected in:**

    a) **The quality and efficiency of the Board of Director's operation.**
    b) **The performance and composition of its committees.**
    c) **Diversity of membership and competence of the Board of Directors.**
    d) **Performance of the chairman of the Board of Directors and the chief executive officer of the company.**
    e) **Performance and input of each director, paying particular attention to those in charge of the various Board committees.**

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Any business relationships between the external advisor or any member of the advisor's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Complies [X] Partially complies [ ] Explanation [ ]

37. **That if there is an executive committee, the proportion of each different director category must be similar to that of the Board itself, and its secretary must be the secretary of the Board.**

Complies [ ] Partially complies [ ] Explanation [ ] Not applicable [X]

38. **That the Board of Directors must always be aware of the matters discussed and decisions adopted by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.**

Complies [ ] Partially complies [ ] Explanation [ ] Not applicable [X]

39. **That the members of the audit committee, particularly its Chairman, are appointed in consideration of their knowledge and experience in accountancy, audit and risk management matters, and that a majority of its members be independent directors.**

Complies [X] Partially complies [ ] Explanation [ ]

40. **That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.**

Complies [X] Partially complies [ ] Explanation [ ]

41. **That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, reporting directly on any issues that may arise during the implementation of this plan, and present an activity report at the end of each year.**

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

42. **That in addition to the provisions of applicable law, the audit committee should be responsible for the following:**

1. With respect to information systems and internal control:

- a) **Supervise and evaluate the preparation process and the integrity of financial and nonfinancial information, as well as the control and management systems of financial and nonfinancial risks related to the company and, if applicable, to the group the company and, where appropriate, the group -including operational, technological, legal, social, environmental, political and reputational or corruption-related risks-reviewing compliance with regulatory requirements, the proper delimitation of the scope of consolidation and the correct application of accounting criteria.**
- b) **Ensure the independence and effectiveness of the unit charged with the internal audit function; propose the selection, appointment, re-election and dismissal of the head of internal audit; draft a budget for this department; approve its goals and work plans, making sure that its activity is focused primarily on material risks to the company; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.**
- c) **Establish and supervise a mechanism that allows employees to report confidentially and, if appropriate, anonymously, any irregularities with important consequences, especially those of a financial or accounting nature, that they observe in the company.**
- d) **To ensure in general that the policies and systems established in the area of internal control are effectively applied in accounting practices.**

2. In relation to the external auditor:

- a) **In the event that the external auditor resigns, examine the circumstances which caused said resignation.**
- b) **Ensure that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.**
- c) **Ensure that the company files a relevant fact with the CNMV when there is a change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.**
- d) **Ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.**
- e) **Ensure that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, the limits on concentration of the auditor's business, and all other rules regarding the auditor's independence.**

Complies [X] Partially complies [ ] Explanation [ ]

43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Complies [X] Partially complies [ ] Explanation [ ]

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

45. That the risk control and management policy identify at least:

a) The different types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational) which the company faces, including financial or economic risks, contingent liabilities and other off-balance sheet risks.
b) A risk control and management model based on different levels, of which a specialized risk committee shall form part when the industry standards so provide or when the company deems it appropriate.
c) Fixing of the level of risk the company considers acceptable.
d) Measures identified to minimize identified risks in the event they occur.
e) Internal control and information systems to be used to control and manage identified risks, including contingent liabilities and other off-balance sheet risks.

Complies [X] Partially complies [ ] Explanation [ ]

The company is expected to carry out a review of its risk management policy in 2021.

46. That under the direct supervision of the audit committee or, if applicable, of a specialized committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:

a) Ensure the proper operation of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.
b) Actively participate in the creation of the risk strategy and in important decisions regarding risk management.
c) Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.

Complies [X] Partially complies [ ] Explanation [ ]

47. That members of the appointment and remuneration committee – or of the appointments committee and the remuneration committee if they are separate – are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.

Complies [X] Partially complies [ ] Explanation [ ]

48. That large cap companies have formed separate appointments and remuneration committees.

Complies [ ] Explanation [ ] Not applicable [X]

49. That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Complies [ ] Partially complies [X] Explanation [ ]

A specific regulation for the internal operation of the Appointments and Remunerations Committee is expected to be implemented in 2021.

50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- **a) Propose basic conditions of employment for senior management.**
- **b) Verify compliance with company remuneration policy.**
- **c) Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.**
- **d) Ensure that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.**
- **e) Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.**

Complies [X] Partially complies [ ] Explanation [ ]

51. That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.

Complies [X] Partially complies [ ] Explanation [ ]

52. That the rules regarding composition and operation of supervision and control committees appear in the Regulations of the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:

- **a) That they are comprised exclusively of non-executive directors, with a majority of them independent.**
- **b) That their chairmen be independent directors.**
- **c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.**
- **d) That the committees be allowed to avail themselves of external advice when they consider it necessary to perform their duties.**
- **e) That their meetings be recorded, and the minutes be made available to all directors.**

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

53. Supervision of compliance with the company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, should be entrusted to one or more committees of the board of directors, which may be the audit committee, the nomination committee, a committee specializing in sustainability or corporate social responsibility, or any other specialized committee that The Board of Directors, in the exercise of its faculties of self-organization, has decided to create such specialized committee. Such committee shall be composed solely of non-executive directors, the majority of whom shall be independent the majority of them independent and be specifically attributed the minimum functions indicated in the following recommendation.

Complies [X] Partially complies [ ] Explanation [ ]

54. The minimum functions referred to in the above recommendation are as follows:

- **a) The supervision of compliance with the company's corporate governance rules and internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.**
- **b) The supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders. Likewise, the way in**

which the entity communicates and relates to small and medium-sized shareholders shall also be monitored.

- c) **The evaluation and periodic review of the corporate governance system and the company's environmental and social policy, to ensure that they fulfil their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of other stakeholders.**
- d) **The supervision that the company's practices in environmental and social matters are in line with the chosen strategy and policy.**
- e) **The supervision and evaluation of the relationship processes with the different stakeholders.**

Complies [X] Partially complies [ ] Explanation [ ]

55. That sustainability policies on environmental and social matters identify and include at least:

- a) **The principles, commitments, objectives and strategy regarding shareholders, employees, customers, suppliers, social issues, environment, diversity, fiscal responsibility, respect for human rights and prevention of corruption and other illegal conduct.**
- b) **The methods or systems for monitoring compliance with policies, associated risks and their management.**
- c) **The mechanisms for monitoring non-financial risk, including those related to ethical aspects and business conduct.**
- d) **The channels of communication, participation and dialogue with stakeholders.**
- e) **Responsible communication practices that avoid manipulation of information and protect integrity and honour.**

Complies [ ] Partially complies [X] Explanation [ ]

A more detailed sustainability policy is expected to be approved in accordance with the corporate governance plan in 2021.

56. That director remuneration be sufficient to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgment of non-executive directors.

Complies [X] Explanation [ ]

57. That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The forgoing shall not apply to shares that the director may be obliged to sell to meet the costs related to their acquisition.

Complies [X] Partially complies [ ] Explanation [ ]

58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards to ensure that said remuneration is in line with the work performance of the beneficiaries and is not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) **Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.**

b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.

c) Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

59. That the payment of the variable components of the remuneration is subject to sufficient verification that the previously established performance or other conditions have been effectively fulfilled. Entities shall include in the annual directors' remuneration report the criteria regarding the time required and methods for such verification depending on the nature and characteristics of each variable component.

That, additionally, the entities shall consider the establishment of a reduction clause ('malus') based on the deferral for a sufficient period of time of the payment of a part of the variable components that implies their total or partial loss in the event that prior to the moment of payment, some event occurs that makes it advisable.

Complies [ ] Partially complies [X] Explanation [ ] Not applicable [ ]

No malus is foreseen.

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.

Complies [ ] Partially complies [ ] Explanation [X] Not applicable [ ]

Specific clauses covering this scenario are expected to be developed during fiscal year 2021.

61. That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

62. That once shares or options or rights to shares arising from remuneration schemes have been delivered, directors are prohibited from transferring ownership of a number of shares equivalent to two times their annual fixed remuneration, and the director may not exercise options or rights until a term of at least three years has elapsed since they received said shares.

An exception is made in the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice his annual fixed remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to shares that the director needs to dispose of to satisfy the costs related to their acquisition or, subject to the favourable appraisal of the Appointments and Remuneration Committee, to meet extraordinary situations that require it.

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ]

63. That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

Complies [ ] Partially complies [ ] Explanation [X] Not applicable [ ]

It is expected that clauses will be implemented during the 2021 fiscal year to cover these events.

64. That payments made for contract termination shall not exceed an amount equivalent to two years of total annual remuneration and that it shall not be paid until the company has verified that the director has fulfilled all previously established criteria for payment.

For the purposes of this recommendation, termination or contractual termination payments shall include any payments whose accrual or payment obligation arises as a consequence of or in connection with any payments whose accrual or payment obligation arises as a result of or in connection with the termination of the contractual relationship linking the director with the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Complies [X] Partially complies [ ] Explanation [ ] Not applicable [ ] Not applicable [ ]

H. FURTHER INFORMATION OF INTEREST

1. **If there is any aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which is necessary in order to obtain a completer and more comprehensible picture of the structure and governance practices in the company or group, describe it briefly below.**
2. **This section may also include any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.**

   Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.
3. **The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July 2010:**

The company is interested in raising its level of internal voluntary compliance through best practices and adherence to different international organizations, although given the short time it has been listed on the continuous market, it is still in the implementation phase of its corporate governance strategy.

This annual corporate governance report has been approved by the Board of Directors of the Company, at its meeting held on:

24/03/2021

Indicate whether there have been directors who voted against or abstained in relation to the approval of this report.

[ ] Yes
[√] No

Soltec Power Holdings, S.A.
and subsidiaries

<u>Consolidated statement of non-financial information</u>

Introduction

1 January 2018 was the effective date of Law 11/2018, of 28 December, amending the Code of Commerce, the revised text of the Capital Corporations Act approved by Royal Legislative Decree 1/2010 of 2 July, and Law 22/2015 of 20 July, on the auditing of accounts in the field of non-financial and diversity information (hereinafter, "Law 11/2018"), which substitutes Royal Decree-Law 18/2017 of 24 November, transposing into the Spanish legal system Directive 2014/95/EU of the European Parliament and of the Council as regards the disclosure of non-financial and diversity information.

In accordance with the provisions of Law 11/2018, certain companies, including Soltec Power Holdings, S.A. (hereinafter, the "Parent Company") and its subsidiaries (hereinafter, "Soltec Power Holdings" or the "Group") must prepare a non-financial information statement, which must be incorporated into the consolidated management report or in a separate report corresponding to the same year that includes the same content and meets the requirements, and which includes, among other issues: the information required to understand the Group's evolution, results and situation; the impact of its business on environmental and social issues, respect for human rights and the fight against corruption and bribery; and personnel-related matters, including the measures which, if appropriate, have been adopted to promote the principle of equal treatment and opportunities between women and men, non-discrimination and inclusion of people with disabilities and universal accessibility.

In this context, the Parent Company incorporates the consolidated non-financial information statement into the Group's consolidated management report, which accompanies the consolidated annual accounts for the year ended 31 December 2020.

This non-financial information statement has been prepared in accordance with the content established in the current trading regulations, following the criteria described for each subject in the table "Content of the non-financial information statement", as well as, to the extent possible, the selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), applying the principles of comparability, reliability, materiality and relevance set forth in the aforementioned non-financial information law.

Business Model

Soltec Power Holdings, S.A. and subsidiaries form a consolidated group of companies which carry out their business activity in the renewable energy industry, particularly in the photovoltaic sector.

The Parent Company was incorporated on December 2, 2019 and on December 23, 2019 it received non-cash contributions for 100% of the shares of Soltec Energías Renovables, S.L.U. and 100% of the shares of Powertis, S.A.U. both of which are head companies of their corresponding groups.

On October 28, 2020, Soltec Power Holdings, S.A. has started its stock exchange listing with a public share offering (IPO) through the issuance and circulation of new ordinary shares. Shareholders' participation up to the aforementioned date has been diluted proportionally, and the money raised by this increase will be used to finance business growth.

The Group's parent company has the following corporate purpose:

a) The execution of all kinds of activities, works and services for or related to the promotion, development, construction and maintenance of electricity producing plants, including the manufacture, supply, installation and assembly of industrial equipment and other facilities for these plants.

b) The provision of assistance or support services to investee companies or those within the scope of the business group, for which purpose it may provide, in their favour, the financing, guarantees and consolidations that may be appropriate.

c) The control and administration of securities representing the own funds of companies that are resident and non-resident in Spain through the appropriate organization of personal and material means, if legislation of collective investment is not affected.

The main productive activity of the Group in the 2020 and 2019 financial years was the installation and marketing of photovoltaic solar trackers, which is the Group's industrial segment, managed by Soltec Energias Renovables, S.L.U. and its investees.

Additionally, the Group considers another of its main branches of activity to be the development of facilities for producing photovoltaic solar electric energy. It does this through the sale, transfer and/or acquisition on its own account of shares and/or holdings in entities with a special purpose, whether or not they have legal status, as well as the administration, direction and management of the investments, which is an activity managed by Powertis. S.A.U. and its investees.

The highest decision-making authority of the Group, that is to say, the board of directors of the Parent Company, individually evaluates returns by project, grouping the activities into these two segments for management purposes. This evaluation is carried out based on internal information regarding the Group's projects, which form the basis for periodic review, discussion and evaluation in the decision-making process.

The information concerning dependent companies, by activities, of the subgroups mentioned above is as follows:

- Sales and management of renewable energy equipment based on supply, installation and maintenance work: Soltec Energie Rinnovabili, S.r.L. (Italy), Soltec America L.L.C. (USA), Soltec Chile S.p.A. (Chile), Soltec Brasil Industria, Comercio e Servicios de Energías Renovaveis LTDA (Brazil), Soltec Energías Renovables, S.A.C. (Peru), Seguidores Solares Soltec SA de CV (Mexico) y Soltec Trackers PVT LTD (India).

- Sales and management of equipment for renewable energy: Soltec Australia, PTY LTD (Australia), Soltec Argentina, S.R.L. (Argentina), Soltec France, S.L. (France), Soltec Trackers Colombia SAS (Colombia) and Soltec Commercial Consulting Co. Ltd. (China).

- Technical engineering services and activities related to technical advice: Soltec Innovations, S.L. (Spain).

- Production and sale of renewable energies. Construction, installation, repair and maintenance of facilities: Amber Solar Power (0, 2, 6, 7, 8, 11-14, 17-40), S.L. (Spain), Luminora Solar (0, 1, 5-20), S.L. (Spain), Usina de energía fotovoltaica Leo Silveira (1-6), Ltda. (Brazil), Usina de energía fotovoltaica Graviola (I-IV), S.A. (Brazil), Ambra Solare (Brazil), Luminora Solar (0, 1, 5-20), S.L. (Spain). (Brazil), Ambra Solare (1-20), S.r.L. (Italy), Luminora Catania, S.r.L. (Italy), Luminora Tuppeto (1-3), S.r.L. (Italy), Luminora Ripizzata, S.r.L. (Italy), Luminora Ripizzata, S.r.L. (Italy), Luminora Sparpagliata, S.r.L. (Italy), Luminora Sparpagliata, S.r.L. (Italy), Luminora Santelia (1-2), S.r.L. (Italy), Luminora Cavaliere, S.r.L. (Italy) and Luminora Barba S.r.L. (Italy)

- Development services office, management of solar and photovoltaic projects, and supervision of electrical contracting works, among other activities: Usina de energia fotovoltaica Pedranápolis Ltda. (Brazil); Usina de energía fotovoltaica de Araxa Ltda. (Brazil); and Powertis S.r.L. (Italy).

- Search and development of greenfield projects: Powertis Brasil Desenvolvimento de Projetos de Energía e Participaçoes LTDA. (Brazil).

- Use and implementation of solar energy: Usina de energia fotovoltaica Solatio Varzea Ltda. (Brazil) and Usina de energía fotovoltaica Belvedere SPE Ltda. (Brazil).

The Group's main facilities are located in Molina de Segura (Murcia), with further facilities in Chile, the United States, Brazil, Peru, Mexico, Argentina, Australia, India, Italy, France, Colombia, Israel and China, among other countries.

The Group's international presence is a challenge that inspires us to take part in global practices and procedures that are cross-sectional and applicable in all the countries where we operate. This means that the entire Group is growing globally in a sustainable way.

The geographical segments in which the Group distributes the net amount of its turnover, which amounted to 235 million euros in 2020 (356 million euros for the 2019 fiscal year), are the following: Spain, Brazil, North America (United States of America and Mexico), Rest of South America (Argentina, Chile, Colombia and Peru), APAC (Australia, India and Thailand) and others (Denmark, Egypt, Israel, Jordan, Kenya and Namibia).

It should be noted that most of the information included in this consolidated statement of non-financial information corresponds to the subsidiaries that have had the most significant activity during fiscal years 2020 and 2019.

Soltec Power Holdings, in developing its strategy, strives to ensure that its subsidiaries are leaders in their business. For this, it is essential to ensure proper application of the Group's values. In this sense, the Group's governing bodies promote a commitment to excellence with its customers, suppliers and partners, responsibility for its goals and needs, and a governance and control model.

Soltec Power Holdings' mission is to contribute to a clean, sustainable and fair world based on the efficient production of photovoltaic energy through transparent leadership and social balance, seeking to lead the global photovoltaic energy market and offering reliable state-of-the-art technology from a remarkable corporate governance and social responsibility, through three fundamental pillars, integration, innovation and sustainability.

Soltec Power Holdings' values emphasize solidarity and commitment to social justice, commitment to sustainability and environmental responsibility, transparency, equality and innovation as mechanisms for positive change, through a vertically integrated business model to offer greater added value to its customers.

Soltec Power Holdings employees have a strong sense of non-conformity and pro-activism as well as loyalty and respect for its mission and vision. Teamwork and trust in the team are key values for the company's development.

With a firm commitment to the production of renewable energy and the environment, the Group is committed to product development and research to provide cutting-edge technology in the industry, minimizing the environmental impact and championing the development of local economies and the societies in which it operates, as well as its own workforce.

Soltec Power Holdings' strength comes from its large team of people, 1,207 professionals at the end of fiscal 2020 (1,629 professionals at the end of fiscal 2019), who combine professional expertise in photovoltaic tracking, as well as in different fields of activity, to generate added value and contribute to the company's growth with talent and innovative approach. The Soltec Power Holdings team is led with passion and expertise at all levels, with staff around the world to offer the best regional solution, close and responsive to the needs of each project.

The Group's main activities are the design, manufacture and supply of solar trackers and the development of photovoltaic projects:

Design, manufacture and supply of solar trackers

Soltec manufactures and supplies solar tracking equipment designed and tested to withstand extreme conditions, making it the perfect solution for any type of climate. The Group's trackers are self-powered, requiring no additional photovoltaic modules or grid connection.

The solar tracker of Soltec Energías Renovables, S.L.U. has a high performance and better adaptation to the terrain, perfect for large-scale solar plants. These features, combined with high profitability in installation and operations, have led the Group to be, according to 2019 data, the third largest manufacturer worldwide in total number of trackers, highlighting its leading position in the Latin American market.

Each module can be installed in a short time, reducing construction time and labour, which lowers the final cost of installation and allows for a higher return on investment with a higher installed MW rate.

Additionally, as a result of continuous investments into product innovation to ensure market leadership, the Group expects to obtain a reduction in costs, a shorter assembly time, as well as a greater simplicity of the assembly system.

In addition to the trackers, the main services offered by the Group are the following:

- **Project engineering**: design without losing sight of performance. Our engineers have the experience and dedication to optimize the performance of each project, allowing the Group to develop the most profitable solar tracking solution that allows the highest return on investment in the project. Each project is unique, so project engineers work together with customers to meet their needs and to provide the most innovative and profitable solutions. Project engineering services include optimized design to maximize the performance and profitability of each project and to minimize earthworks and environmental impact, all provided by dedicated engineering teams throughout the project in the office and on site.

- **Onsite services**: services include orientation, logistics, training, commissioning, installation and O&M. The onsite advisory plan service is the most profitable for many customers. The engineers guide the plant installation and the organization of logistics, plant work and procurement, giving installers the freedom to supervise, manage and direct the plant.

  The teams of specialists dedicated exclusively to support the installation, whether onsite or electronically, serve as a guide and support at each phase of the project to ensure the best organization and installation, as well as meeting deadlines. The Group's pullout tests are not commonplace among tracker providers but have become a popular choice among customers to reduce investment risk and meet due diligence criteria in the pre-construction phase.

- **Solhub**: the standard factory service includes the innovative Solhub logistics and warehousing system, which delivers unified tracker components to the project site, within agreed deadlines and without intermediary transport companies.

  Stock inventory and shipping activity between factory warehouse locations are synchronized with regional operations and project schedules to provide the best customer experience when it comes to reliable delivery times.

  Solhub, combined with the Group's annual manufacturing capacity, meets customer needs for the supply of large-scale solar tracking projects.

- **Training**: The Group's training service connects the experience of fifteen-plus years of history in solar manufacturing and construction with the needs of each customer's projects to ensure that they comply with deadlines and meet the highest quality criteria.

  Whether on-site or remotely, factory experts provide training services that solve problems both proactively and when an urgent response is needed.

- ***Commissioning***: The Group offers its own plant commissioning service that includes the commissioning of the plant and the correct application of monitoring of the project's solar trackers by specialized engineers. With a commissioning capability of 5 MW per day, extendable up to 10 MW per day, the Group provides a more efficient start-up.

- **Installation**: customer demand for contracting and executing the installation varies from market to market. The Group responds with the turnkey delivery of equipment which, together with regional stock capacity, has proven to meet the most demanding timeframes on the market.

  In addition to ensuring customer success, the Group is strongly committed to improving the local economies in which its companies operate. The Group recruits and trains local people to incorporate them into their team and thereby provide each project with the necessary resources.

- **Customer service**: Solmate is the customer service of the Group via a new platform that provides the best guarantee, care, operation and maintenance to customers. With local infrastructure in countries such as Mexico, the United States, Brazil, Spain, Chile and Australia, in addition to Solhub warehouses in different countries to initiate rapid spare parts management, the Group guarantees the best and fastest response to any operating incident.

The Group has continued to consolidate its position as one of the world leaders in the sector, ranking among the best tracker manufacturers.

Development of photovoltaic projects

Powertis is also configured as a development and investment platform for solar photovoltaic projects at a global level. This activity is based on extensive experience covering the entire life cycle of each project: development, financing, construction and operation of solar photovoltaic plants. It has an attractive portfolio of projects in Europe and Latin America with interesting development or acquisition opportunities.

Powertis has a team with extensive experience in the development and implementation of large-scale photovoltaic projects around the world, a team committed to each project, adapting to the client's needs and accompanying owners and investors in every step of the process.

Main impacts of COVID-19

The appearance of the COVID-19 Coronavirus in China in January 2020 and its global spread to a large number of countries has led to the viral outbreak being classified as a pandemic by the World Health Organization as of March 11, 2020.

Considering the complexity of the markets due to their globalization and the recent appearance at the end of December of an effective medical treatment against the virus (vaccine), the consequences for the operations of Soltec Power Holdings will depend to a great extent on the evolution and extension of the pandemic in the coming months, as well as on the reaction and adaptation capacity of all the impacted economic agents considering the vaccination process initiated at international level.

In the aforementioned context, the directors and management of Soltec Power Holdings have made an assessment of the current situation according to the best information available. From the results of this assessment, the following issues relating to non-financial information are highlighted:

- Business model: the current circumstances have not led Soltec Power Holdings to rethink any relevant feature of its business model, having established working groups and specific procedures aimed at monitoring and managing the evolution of its operations at all times, in order to minimize their impact. In this way, protocols have been adopted and implemented to ensure compliance with the regulations approved in RD-Law 6/2020 and RD 463/2020, both in terms of subcontractors, personnel and offices.

  Based on the evaluation of the Group's business development by the directors and management, the Group has been able to maintain the development of the budgeted projects or backlog without significant delays in the collection of trade accounts receivable that could affect the Group's liquidity and its operating cycle.

- Environmental issues: the expected impact in this area is low, insofar as, in addition to the active management carried out during fiscal year 2020, the reduction of on-site activity in the Group's physical facilities has led, as shown in the "Environmental aspects" section, to an improvement in environmental indicators.

- Personnel issues: following the entry into force of RD-Law 10/2020 of March 29, 2020, which regulates recoverable paid leave for employees who do not provide essential services, the Soltec industrial segment has continued its operations with almost total normality, despite the delays in the execution of certain projects, derived from the impact of the pandemic, by maintaining export contracts with international customers and providing services for the essential electric power sector, while the development segment has been able to continue its activity telematically. This has only caused an interruption of 5 to 10 working days for installation projects based in Spain and a partial stoppage of 1 day for international shipments. In the opinion of the administrators, this interruption of activity is not significant for the year as a whole and they expect to recover the lost activity through the recovery of working hours by means of the mechanisms foreseen.

During the year 2020, the only temporary labor force adjustment plan (hereinafter, ERTE), with retroactive effect, carried out in the Group has affected the company Soltec Energías Renovables, S.L.U. in its production center in Talaván (Cáceres) during the period from March 14 to March 29, 2020, affecting a total of 298 employees.

- Health and safety issues: the instructions of the Group's prevention service have been followed, which have taken into account to a greater extent the "Procedure of action for occupational risk prevention services to exposure to the new coronavirus (SARS - COV-2)" of March 5, 2020, published by the Ministry of Health, as well as successive publications or updates, there having been a significant increase in absenteeism hours during fiscal year 2020.

- Supply chain issues: no significant delays have been noted in the process of supplying trackers by suppliers, and all contracts in force have been carried out in accordance with the previously established conditions.

Finally, it should be noted that the Group's directors and management are constantly monitoring the evolution of the situation in order to successfully deal with any possible impacts, both financial and non-financial, that may arise.

Material aspects and stakeholders

Soltec Power Holdings' sustainability practices have been developed based on the analysis of priority relevant issues. Soltec Power Holdings consolidates its commitment to an open and continuous dialogue with its stakeholders with the objective of contributing value to them through an open and participative attitude. By strengthening this dialogue in the business strategy, improvements are made in competitiveness and in the quality of products and services.

Stakeholders are an important pillar in the success of the organization, so the Group continually strives to achieve effective engagement in order to obtain their important input and concerns. The aim is to build and develop transparent solutions based on trust with all stakeholders, respecting their points of view, key expectations and concerns as the business strategies are being developed.

Soltec Power Holdings regularly engages with stakeholders through the stakeholder engagement process, for which it has multiple communication channels. Detailed stakeholder engagement helps to define the main material issues, which are clearly expressed in future decisions and aspirations.

Soltec Power Holdings evaluates materiality issues by considering the importance of economic performance, expansion of operations and territorial presence, relationships with stakeholders (especially customers, employees and suppliers), as well as engagement in social (mainly associations, local communities and public administrations) and environmental issues (mainly emissions, energy consumption and waste management) as well as regulators, financial market, investors and shareholders.

The material aspects together with the areas of performance identified by Soltec Power Holdings have been structured based on the following materiality matrix:

Critical matters
• Continuous commitment to innovation in products and solutions provided to our customers • Contribution to the energy transition and the deployment of renewable energies • Regulatory environment and new regulations

• Differential business model • Attraction, development and retention of human capital
Relevant matters
• Good governance and transparency • Contribution to the development of local communities • Strategic alliances to support business development and company growth • Management of cash conversion cycles • Ethics and integrity in our operations • Excellence in our products and services • Employee health and safety • Increased visibility to the market and transmission to investors of the business plan
Other relevant matters
• Diversity and equal opportunities • Promotion of circular economy and efficient management of resources • Reduction of the carbon footprint in our operations • Minimization of impacts on land and biodiversity • Collaboration with new clients that add value to the business • Responsible supply chain management

- **Continued commitment to innovation in products and solutions provided to customers**: a differential value of Soltec Power Holdings that has been present since the company's inception and has enabled its survival and current success, reinforcement of performance in this area through the creation of a specific company (Soltec Innovation) and a management framework (policy, strategy, plans, committees, etc.), the company's investment effort in R&D&I for the development of new solutions, priority in the digital transformation of the company and its processes, and active participation in the development of new storage systems such as green hydrogen.

- **Contribution to the energy transition and the deployment of renewable energies**: approval of policies and agreements at national and international level that promote the energy transition, contribution of companies in the photovoltaic sector to the achievement of the objectives of these policies and the expansion of distributed generation and the importance of having a presence in the benchmark markets in the solar tracker sector in the coming years (Spain, Australia, Brazil, Mexico and the Middle East).

- **Regulatory environment and new regulations**: ability to adapt to a changing framework, identification of regulatory risks, new regulations to govern the economic regime for renewable energies in Spain and tax incentive policy in the United States.

- **Differential business model**: existence of an integrated and sustainable long-term business model offering services along the entire value chain, presence of local teams in the different locations of operation, development of customized solutions for clients, economies of scale and tax contribution.

- **Attraction, development and retention of human capital**: updating the recruitment process to encourage the hiring of new profiles, the existence of internal bodies that supervise employee training and participation, the development of our own scholarships to attract young talent, the implementation of positive impact programs that increase employee satisfaction (well-being program) and the existence of multiple internal communication mechanisms with employees.

- **Good governance and transparency**: development of the governance model to adapt it to the requirements of investors and the market. Reporting on the company's ESG performance is a fundamental action to reinforce transparency in its activities.

- **Ethics and integrity in operations**: scrupulous compliance with current legislation, development of a compliance management system according to the most demanding standards existing in the market, covering criminal and tax matters, existence of communication mechanisms for reporting incidents and specific risk analysis at country level accompanied by the development of policies to mitigate them.

- **Excellence in products and services**: product performance in accordance with customer criteria, existence of quality certifications for the product portfolio, supervision of the product development process entrusted to third parties to ensure its quality, accessibility and transparency of information, measurement of customer satisfaction through surveys and knowledge of the main customer demands through various communication channels.

- **Contribution to the development of local communities**: contribution to the development of rural areas where projects are implemented by hiring and training people and raising awareness of local communities regarding the importance of renewable energies, development of corporate volunteer initiatives to support the local community (improving the local environment, meeting needs, etc.), creation of a Foundation to channel all initiatives within the framework of CSR, commitment to dissemination and education on renewable energies and direct involvement through donations against the COVID-19 pandemic.

- **Strategic alliances to support business development and company growth**: collaboration with other key industry partners to increase the company's visibility and ensure cash flow through cyclical projects, presence in national and international forums related to the company's activity, development of collaborations with partners for product integration, participation in industry organizations to actively contribute to defend the interests of the sector and promote the company's criteria in the development of public policies.

- **Employee health and safety**: promotion of a preventive culture among all employees, technical and practical training for workers, launching of prevention and health improvement campaigns, and development of numerous actions to prevent the impacts of COVID-19 on employees and operations.

- **Increased visibility in the market and transmission of the business plan to investors**: holding roadshows for investors, increasing the number of analysts covering the company and increasing visibility as a key player in the sector.

- **Management of cash conversion cycles**: management of working capital, ability to meet payment commitments and participation in projects with positive cash flows from the beginning.

- **Diversity and equal opportunities**: development of policies, plans and committees that specifically address this issue, economic valuation of jobs to ensure non-discrimination, existence of a trained equality agent in the workforce and presence of women in committees and bodies of the company.

- **Reduction of the carbon footprint in operations**: initiatives for a more sustainable management of energy consumption in operations (consumption of renewables, energy efficiency measures), participation in public initiatives to promote and enhance the value of the carbon footprint (reduzco seal) and promotion of electric mobility in operations.

- **Promotion of the circular economy and efficient resource management**: use of raw materials with a high percentage of reuse (steel), reuse of construction materials (wood or cardboard) left over from projects, and efficient management of water and water risks.

- **Minimization of impacts on the land and biodiversity**: compliance with legal requirements necessary for the operation (environmental impact studies, etc.), compliance with environmental clauses required by clients, and reduction of the ecological footprint and impact on biodiversity of projects.

- **Collaboration with new clients that add value to the business**: creation of solid alliances with key players in the sector, generation of value through large-scale projects and greater presence in other countries.

- **Responsible management of the supply chain**: inclusion of environmental and social clauses in contracts with suppliers, supplier monitoring procedures to guarantee their alignment with Soltec Power Holdings' strategy, and development of procedures that ensure the purchase of materials under sustainable parameters.

Within Soltec Power Holdings, socially responsible behaviour is manifested in the respect for the rights of workers; free collective bargaining; equal opportunities between men and women; non-discrimination based on age, racial origin, religion, or disability; and the protection of employee health.

In this model, ethical, responsible, and sustainable management is the yardstick for the team. This, together with the corporate commitments mentioned above, will help the Group adapt to the changes that are continually occurring today.

The stakeholder assessment has provided the sustainability context for Soltec Power Holdings, helping them to align the strategy with stakeholder expectations, as well as improve environmental, social and economic behaviour and performance in the coming years, considering the conceptual frameworks identified in its sustainability policy: Spanish Constitution, draft law on climate change and energy transition, CNMV Code of Good Governance, integrated national energy and climate plan, 2050 decarbonization strategy, circular economy strategy and the United Nations Paris agreement.

Soltec Power Holdings contributes to the economic and social development of its environment. The creation of wealth, employment and knowledge are the main benefits generated.

Through this statement of non-financial information, all aspects identified as material are included, aligned with the requirements contemplated by Law 11/2018 on non-financial information.

Corporate governance and risk management

The board of directors is the supreme governing body of the Soltec Group in matters of corporate responsibility and risk management.

The board of directors of the parent company of Soltec Power Holdings acknowledges and accepts the importance of having a corporate governance system that guides the structure and operation of its corporate bodies, in the interest of the different companies and their shareholders. The Group firmly believes that good corporate governance leads to effective decision-making, which is essential for the success of any organization.

The way the business is managed ensures sustainable growth and sustains the growth of operations.

The rules of corporate governance, including the board of directors' regulations and the internal code of conduct, are reviewed, and updated periodically, always based on a commitment to business ethics and corporate responsibility.

Soltec Power Holdings' corporate governance rules are inspired by the following best practices:

- ✓ Fostering internal and external communication, responding to the expectations of stakeholders, and applying the principle of transparency.
- ✓ Guaranteeing the protection of human rights, as well as respect for the ethical standards and regulations applicable through internal and external regulations.
- ✓ Zero tolerance for corruption and unfair competition practices.
- ✓ Fostering corporate social responsibility by promoting initiatives and monitoring the degree of compliance with commitments.
- ✓ Continuously working on identifying risks and opportunities, while prioritizing key issues for long-term business sustainability.

The Board of Directors and the Audit Committee of Soltec Power Holdings establish that risk management is one of the key pillars of the Group's internal control system, and therefore of the organization's own strategy.

The Group periodically identifies, classifies, and assesses potential risks that may affect all relevant business units, as well as establishes control mechanisms and mitigation measures by assigning responsibilities derived from each of them.

Risks are assessed and managed through the risk management area. The Group's risk management system allows the proactive management of identified risks, implementing both preventive and reactive measures to potential events, as well as the periodic monitoring of their evolution, also allowing to take advantage of potential opportunities identified.

The main operational, strategic and regulatory risks affecting the Group are related to the uncertainty in the demand for products and services in a changing environment, affected by the global pandemic Covid-19, the difficulties in adapting to the different regulatory environments together with political and social instabilities, as well as potential regulatory changes, the growing competitiveness in the photovoltaic industry and specifically in the solar tracker industry, with impacts on the reduction of solar tracker prices, potential regulatory non-compliance at the operational level, information security related to product R&D, as well as potential problems arising from natural disasters, system failures and/or supply interruptions.

In relation to financial risks, the main risks are related to credit, liquidity, market (exchange rate and interest rate) and obtaining the necessary guarantees to be able to contract and execute projects.

To ensure adequate risk management, a first line of defense has been defined, which carries out the daily operational management of risks through the implementation of policies and procedures and is made up of the heads of the different business areas, a second line, which is responsible for the implementation, support and monitoring of the risk management system, and a third line of internal audit, which provides independent and objective advice.

Environmental aspects

Soltec Power Holdings is fully committed to respecting and caring for the environment and is fully aware of its commitment to customers and to society in general, which motivates it to work constantly and regularly to minimize the impact of activities on the environment. In this sense, it has developed a series of internal mechanisms that lay the foundations for commitment to the environment. The central framework is the quality management, environment and health and safety system, as well as the existence of a specific Health, Safety and Environment Department, which oversees compliance with all environmental measures.

For the management and coordination of all the Group's environmental actions related to the design, manufacture and assembly of solar trackers, the environmental management system implemented at the Group's sites in Spain, Mexico, Brazil and Chile is regularly monitored, based on ISO-14001:2015.

The Group's quality, environment and health and safety policy establishes the following principles that must be applied in the Group:

- Ensure that the services comply with the applicable specifications, standards and codes, as well as the applicable laws and regulations on quality, environment and occupational safety.
- Establish actions and programmes aimed at continuous improvement, prevention of pollution and prevention deterioration of health, with regard to the quality of services, protection of the environment and the safety of people.
- Incorporate the minimization or elimination of environmental impacts into services and make this objective compatible with the rational use and consumption of raw materials, energy and natural resources.
- Increase customer satisfaction, taking on the concepts of quality and respect for the environment and commitment to occupational safety.
- Maintain permanent communication with stakeholders in order to work together on improving services, whether in technical aspects, quality assurance, occupational health and safety, and prevention of environmental risks.
- Inspire and motivate staff through the necessary training and awareness, in order to enhance their integration in the management and development of the quality, environment and occupational health and safety systems.
- Establish mechanisms that encourage the participation of workers in order to improve health and safety in the workplace.

In addition to the framework established by this policy, in order to carry out the strategic planning of the environmental management system, the Group's Environmental, Health and Safety (hereinafter EHS) department is responsible for identifying environmental aspects and determining the different areas that may have a significant impact on the environment.

In addition to the in-house environmental processes of Soltec Power Holdings, the organization implements environmental management plans for the installation projects of solar trackers, which is adapted to the specific environmental legislation in the different countries where the projects are underway.

In order to identify the main impacts and risks in the environmental field, the different stages of the life cycle of the products and services provided by the Group are taken into account.

The main environmental risks considered by Soltec Power Holdings are the use of raw materials, waste generation, noise pollution and atmospheric emissions derived from energy consumption.

As a result of the environmental management plan and the main risks identified, environmental monitoring plans are drawn up for the projects with the aim of establishing a mechanism to ensure compliance with the proposed protective and corrective measures and the detection of unforeseen alterations.

As a further line of environmental risk control, the control of the applicable legal requirements at international, state, autonomous community and local level is implemented, thanks to which no significant non-compliance has occurred during the period covered by this statement of non-financial information.

In addition, periodic internal audits are carried out by the health, safety and environment department, covering both headquarters and subsidiaries, as well as the design, manufacturing and installation projects of the solar trackers in progress.

Finally, it is worth mentioning the awareness and training actions carried out for all Soltec Power Holdings employees, whose objective is to make them aware of the importance of saving resources in their work environment and reducing the environmental impacts derived from their daily activities, in order to contribute to reducing their ecological footprint. In this context, the Group's manual of good environmental practices serves as a basis for training and raising awareness among its employees.

Contamination

Soltec Power Holdings has modelled its economic growth based on respect for the environment through innovation and optimization of photovoltaic technology.

Thanks to its cutting-edge technology, the Group continues to strengthen its position in the solar photovoltaic market with revolutionary products such as its monofacial and bifacial solar trackers. The functionality of the solar trackers is to make the photovoltaic module rotate around its axis following the direction of the sun, thus generating more energy. During fiscal year 2020, projects with an accumulated power of 1,752 MW have been completed, resulting in an estimated reduction of 1,402,008 CO2 emissions (Tn). During fiscal year 2019, projects with an accumulated power of 2,909 MW were completed, which allowed the estimated reduction of 2,326,912 CO_2 emissions (Tons) in 2019).

Meanwhile, the standard factory service includes the innovative Solhub logistics and warehousing system, which delivers components within agreed deadlines and without intermediary transport companies. This provides a better service, keeps full control of the entire process, controls CO_2 emissions, controls the management of waste and, ultimately, means that the organization is responsible for environmental sustainability.

At the same time, Soltec Power Holdings is responsible for implementing measures to reduce its significant environmental aspects. The carbon emissions derived from the combustion of its vehicles are checked to ensure that they have passed all regulatory controls, and the speed at which they circulate through the site is limited, guaranteeing lower gas emissions.

Likewise, noise control measures are carried out in the projects through the use of noise reduction systems in machinery and construction vehicles, verification of machinery manufacturers' certificates of conformity, the use of low sonic level compressors and drills, periodic noise measurements, and periodic reviews of machinery and silencers.

Circular economy: waste prevention and management

Soltec Power Holdings understands that the transition from a linear to a circular economy is a key step in improving and caring for the environment, as it entails a considerable reduction in waste through the optimal use of available resources.

Soltec Power Holdings follows a methodology to properly manage the waste generated throughout the organization, which it conveys to employees and the people responsible for internal or external waste management.

Training is carried out regularly, both for employees and subcontractors, where a series of best practices is shared the importance of the proper separation of waste for recycling purposes is underlined.

The Group's activity generates different types of waste, non-hazardous and hazardous, due to the diversity of activities carried out at its work centers from office, logistics, manufacturing, installation, and maintenance activities.

The amount of hazardous waste, mainly oils, and non-hazardous waste, mainly plastic, paper and cardboard and wood, generated during 2020 and 2019 are presented in the following table:

	Tons	
	2020	2019
Dangerous	13	12
Non-hazardous	1,400	1,464
Total	**1,413**	**1,476**

In all projects there is a measurement of the waste generated, suggesting different alternatives in relation to them, such as reuse within the projects or the recycling of cardboard or wood.

The Group has contracted external companies as authorized managers for the collection and management of hazardous and non-hazardous waste, in accordance with current legislation.

All waste is correctly labelled, allowing for its rapid identification and the reporting of the associated risk, both to users and managers. In addition, all the Group workplaces that generate waste have a properly marked storage place.

The size and characteristics of the waste storage area are commensurate with the volume of waste generated at the work centre. The safety, health and environment department carry out periodic reviews of the condition of the waste storage areas to detect anomalies, possible improvements and to verify that internal waste management is being carried out correctly.

On the other hand, Soltec Power Holdings in Spain registers all its production centres in the registry of small waste producers of the General Directorate of the Environment, keeping each registry updated in accordance with the regulations published by the relevant regional authorities. In relation to the aforementioned area, each country takes into consideration the local legislation in this regard.

Sustainable use of resources

The aim of Soltec Power Holdings is to integrate corporate sustainability into decision-making processes in line with the UN Sustainable Development Goals, which also generates value for both society and the company.

Its purpose is to attend to current needs without compromising the ability of future generations to satisfy their own, thereby guaranteeing the balance between economic growth, care for the environment and social well-being.

As a result, all products are designed without losing sight of performance. The Group's engineers have the experience and dedication to optimize the performance of each project, allowing them to develop the most profitable, efficient, and sustainable solar tracking solution. The manufactured trackers generate more energy per hectare occupied and guarantee a better use of space.

Within the field of saving limited resources, the Group has created a list of best practices for employees, with special emphasis placed on saving energy and water. A reduction in the use of paper is also encouraged.

Thanks to new technologies, the Group has developed a process of digital transformation of all its activities and the way in which they relate to stakeholders. In this sense, it has created a digital intranet for the entire organization, which means that all communications to employees are always available, using electronic means such as email whenever possible and using the website and other digital means for promotion or marketing, which cancels out the need for advertising brochures, for example.

Raw materials

The main raw materials used in 2020 and 2019 have been the following:

	Tons	
	2020	2019
Steel	73,079	123,989
Other components	8,671	19,051
Total	**81,750**	**143,040**

During 2020, the reduction in the consumption of raw materials is mainly due to the reduction in the overall installed power of the projects as well as to the supply of piles by customers in certain projects. In addition, through the development and innovation of the engineering team, the weight of certain components has been reduced, which has consequently also reduced the steel consumption of these parts with respect to the previous year.

The raw material supply model includes a hub system that supplies demand efficiently and globally. In this way, various supply solutions are available to achieve a global supply chain that optimizes the transport of materials.

Energy

Caring for the environment concerns all employees, which is why Soltec Power Holdings carries out several training and awareness campaigns each year, in which special emphasis is placed on the responsible use of resources, and especially energy. In addition, this knowledge is regularly refreshed with continuous training pills using posters on notice boards, small labels on taps or switches, etc.

During 2020 fiscal year, the Group's total electricity consumption amounted to 398,972 kWh (521,322 kWh in 2019), being the energy consumed in Spain, approximately two thirds of the Group's total, of 100% renewable origin, thus contributing to the protection of the environment. In relation to diesel and propane consumption, this amounted to 569,117 litres and 44 kg, respectively, in 2020 (844,144 litres and 880 kg, respectively, in 2019).

The reduction in the Group's electricity consumption during fiscal year 2020 is mainly due to teleworking as a result of the Covid-19 pandemic. In relation to the reduction of diesel and propane consumption during the fiscal year 2020, the use of forklifts and electric equipment and the reduction of propane consumption have been promoted to reduce greenhouse gas emissions into the atmosphere.

Climate change

Soltec Power Holdings is committed to the fight against climate change, aiming to be a GHG-neutral (greenhouse gases) company in the long term, with a progressive reduction in emissions in the short and medium term.

For this, in the case of Spain, the Group only works with electricity suppliers with an electricity mix that does not generate CO_2 or other GHG emissions due to electricity consumption, duly undertaking not to vary this selection criterion. From a sustainability front, the Group is committed to progressively reducing its electricity consumption by carrying out control campaigns, performing awareness-raising activities, changing equipment for more efficient types, etc.

On the other hand, the Group in Spain has implemented a plan to reduce its carbon footprint, in which it continuously monitors its emissions and commits to reducing them year by year. It is worth mentioning that the carbon footprint generated by Soltec Power Holdings is very small, considering the size of the organization, but even so, Soltec Power Holdings seeks excellence with an even lower level of emissions, and is committed to achieving it.

Emissions for 2020, calculated based on the energy consumption indicated in the "Energy" section considering the energy emission factor applicable for each type of emissions, amounted to 1,419 tons of CO_2 of scope 1 and 20 tons of CO_2 of scope 2 (2,107 tons of CO_2 of scope 1 and 29 tons of CO_2 of scope 2 in 2019). Scope 1 includes emissions from all direct combustion sources, mainly diesel, and Scope 2 includes emissions associated with electricity consumption, considering the 100% renewable origin of the electricity consumed in Spain.

Soltec Power Holdings is currently identifying the relevant activities and metrics linked to Scope 3 emissions corresponding to other indirect emissions, among which are being evaluated, among other aspects, work trips by external means, transportation of raw materials and products carried out by third parties.

With the aim of reducing its emissions at a logistical level, the Group has introduced the Solhub solution, which delivers tracker components to the project site without intermediary transport companies, based on environmental aspects related to transport and packaging in the supplier approval process.

Precautionary principle

As far as the precautionary principle is concerned, it is not appropriate for Soltec Power Holdings to address this principle, as the Group's activities do not generate impacts that could cause serious or irreversible damage to the environment.

Biodiversity

Soltec Power Holdings has an environmental management plan that supports the construction process of photovoltaic installations with the company's products. The environmental management plan foresees the control of potential effects on flora and fauna, among other aspects. In this way, mechanisms for the protection of biodiversity are foreseen in operations where there may be impact, beside operations that are usually carried out in industrial areas with no risks of impact on biodiversity.

Impact on fauna

Recommendations include the installation of wildlife fencing on which rectangular plates are placed to prevent bird strikes, the planning of activities to prevent impacts on fauna, the necessary surveys to detect the possible presence of wildlife nests or habitats, and compliance with the rescue protocol for wildlife that could be affected by the works.

The recommendations also include not making any blitzes to scare away mammals and birds in the project area; cleaning the work area and not leaving waste behind; limiting noise levels, vibrations and the generation of dust, especially during breeding and nesting seasons; limiting the maximum speed inside the project to 20 km/h; strictly following the environmental monitoring plan; observing whether the works are affecting the neighbouring fauna habitats and acting accordingly; and restoring an area of approximately 8 ha as an ecological corridor to create a favourable ecotone for birds in the area.

Impact on flora

Forecasts include appropriately planning activities so as not to affect flora; restricting the area of action, including access roads and auxiliary facilities; watering down vegetation if there is a build-up of dust on it; not stockpiling of any materials, not even temporarily, in areas occupied by natural vegetation; and informing staff about important or protected species and communities around the site.

Furthermore, the application of herbicides or pesticides is not allowed, nor is the clearing of vegetation located outside the project area. Operational areas must be equipped with regulatory firefighting equipment to protect the area and the surroundings from possible fires; the maximum speed inside the project must be limited to 20 km/h; and ecological corridors should be rehabilitated if they exist.

Impact on the ecological heritage

Regarding ecological heritage, activities must be properly planned to minimize the effects on neighbouring heritage, paying particular attention to earthworks in sensitive areas. Information and plans must be collected from the competent agencies, identifying and signalling the most sensitive areas and prohibiting the use of heavy machinery.

Company and personnel issues

The people who make up Soltec Power Holdings are the foundation for the growth and development of the organization. At the heart of Soltec Power Holdings' success are its employees, their passion for the products, teamwork, and customer relations to provide quality service.

The Group believes in the skills of its employees, in the diversity of talent and in the vocation to grow. Therefore, it always understands professional relationships as a long-term partnership in which everyone benefits. In the aforementioned context, the Group provides its employees with job stability, stable contracts and a motivating professional project where they can continuously develop and learn in an environment of generational diversity.

For this reason, one of the main goals of the Group is the creation of an inclusive corporate culture, which embraces and encourages diversity to help all employees attain their maximum potential. This involves the need for forward-thinking employment management, bearing in mind that the current market requires professionals capable of working in a collaborative, dynamic, diverse and flexible environment.

The Soltec Power Holdings team of professionals is made up of people with a high level of commitment, with a passion for always doing things well and exceeding customer expectations. Creativity and the contribution of new approaches and different points of view from any member of the team is always welcome in the organization.

In line with the above, Soltec Power Holdings is very aware that leadership is the key to success in its past trajectory and in its future goals, as is also the commitment of 1,207 employees at the close of the 2020 fiscal year (1,629 employees at the close of the 2019 fiscal year). For this reason, human resources management is based on a leadership model that provides each person with the necessary tools for their professional development, allowing employees to lead their own path, that of their colleagues and that of the Group as a whole.

Soltec Power Holdings global human resources policy is based on that idea, believing in people and focusing on their talent to continuously grow and expand. The Group’s international presence is a challenge that inspires us to take part in global practices and procedures that are cross-sectional and applicable in all the countries where we operate. This means that sustainability is not limited to Spain and the head office, but that the entire Group grows globally in a sustainable manner.

Among the most relevant risks that could affect the organization in labour matters are those of equal treatment and opportunities between women and men, discrimination and inclusion of people with disabilities and universal accessibility. Soltec Power Holdings, in the development of its activities, is firmly committed to operating within the framework of a management model based on the assumption of business ethics. In the aforementioned context and as a commitment linked to the Group's values and standards of action, a code of conduct has been implemented during the 2020 fiscal year, which, among other aspects, includes: the general principles on which the reference values on which the Group's activities are based are defined, the guidelines for action that must be respected by the entire organization, and the follow-up mechanisms for controlling compliance with the aforementioned code and its continuous improvement.

Attracting, developing and retaining the talent of candidates and employees is a key objective at Soltec Power Holdings. The Group is convinced that, through the development of people, it will increasingly become an efficient, productive, and competitive organization, consolidating the leadership of Soltec Power Holdings, based on the value and contribution of each employee.

During the 2019 fiscal year, Soltec Power Holdings launched the "Soltec Wellbeing" program, a wellness program promoted for members of the entire team. Through this program, we seek to generate a greater sense of company, improving horizontal and vertical relationships in the company, as well as the work climate, promoting communication, integration, good working environment and employee motivation, reducing the risk of exclusion at work and encouraging greater employee involvement.

Along these same lines, the Group has internal social networks that facilitate two-way and transversal communication between workers, allowing for collaborative and conversational work, the display of documentation on the network, the provision of public information groups and private work groups, and immediate participation and communication.

In this context, Soltec Power Holdings' priorities around labour management are as follows:

- ✓ Guarantee a safe and healthy workplace, adapting to the general and job-specific requirements.
- ✓ Develop recruitment and internal promotion processes based on equal opportunities, promoting training and the development of employee skills to improve their experience and performance.
- ✓ Commitment to compliance with employment conditions established by law, offering decent wages adapted to each circumstance.

Employees

The total number and distribution of employees by country as of December 31, 2020 and 2019 is as follows:

	Number of employees	
	2020	2019
Spain	603	660
Chile	202	30
Brazil	200	656
Mexico	160	225
United States	14	9
Peru	11	12
Colombia	8	9
Australia	7	8
Argentina	2	17
India	-	3
Total	**1,207**	**1,629**

The total number and distribution of employees as of December 31, 2020 and 2019 by gender, age and occupational classification is as follows:

Fiscal year 2020

	Number of employees					
	Men	Women	Total	<30	30-49	>49
Department Director	22	6	28	1	19	8
Foreman	218	60	278	42	209	27
Technician	238	46	284	115	158	11
Administrative	49	78	127	55	66	6
Operator	446	44	490	169	250	71
Total	**973**	**234**	**1,207**	**382**	**702**	**123**

Fiscal year 2019

	Number of employees					
	Men	Women	Total	<30	30-49	>49
Department Director	52	22	74	11	54	9
Foreman	149	22	171	34	122	15
Technician	220	49	269	96	151	22
Administrative	66	74	140	58	76	6
Operator	895	80	975	430	473	72
Total	**1,382**	**247**	**1,629**	**629**	**876**	**124**

The total number and distribution of employment contract modalities, by type of contract, gender, age and professional category as of December 31, 2020 and 2019 is as follows:

Fiscal year 2020

	Number of employees					
	Men	Women	Total	<30	30-49	>49
Indefinite	455	143	598	155	386	57
Temporary	518	91	609	227	316	66
Total	**973**	**234**	**1,207**	**382**	**702**	**123**

	Number of employees		
	Indefinite	Temporary	Total
Department Director	28	-	28
Foreman	204	74	278
Technician	181	103	284
Administrative	58	69	127
Operator	127	363	490
Total	**598**	**609**	**1,207**

Fiscal year 2019

	Number of employees					
	Men	Women	Total	<30	30-49	>49
Indefinite	785	164	949	341	557	51
Temporary	597	83	680	288	319	73
Total	**1,382**	**247**	**1,629**	**629**	**876**	**124**

	Number of employees		
	Indefinite	Temporary	Total
Department Director	73	1	74
Foreman	148	23	171
Technician	132	137	269
Administrative	105	35	140
Operator	491	484	975
Total	**949**	**680**	**1,629**

The annual average during the years ended December 31, 2020 and 2019 of permanent and temporary contracts by gender, age and professional category is as follows:

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Fiscal year 2020

	Average annual contracts (%)					
	Men	Women	Total	<30	30-49	>49
Indefinite	34%	9%	43%	10%	28%	5%
Temporary	51%	6%	57%	21%	28%	8%
Total	**85%**	**15%**	**100%**	**31%**	**56%**	**13%**

	Average annual contracts (%)		
	Indefinite	Temporary	Total
Department Director	3%	-	3%
Foreman	15%	4%	19%
Technician	15%	7%	22%
Administrative	3%	4%	7%
Operator	7%	42%	49%
Total	**43%**	**57%**	**100%**

Fiscal year 2019

	Average annual contracts (%)					
	Men	Women	Total	<30	30-49	>49
Indefinite	35%	8%	43%	15%	26%	2%
Temporary	52%	5%	57%	23%	27%	7%
Total	**87%**	**13%**	**100%**	**38%**	**53%**	**9%**

	Average annual contracts (%)		
	Indefinite	Temporary	Total
Department Director	3%	-	3%
Foreman	7%	1%	8%
Technician	7%	8%	15%
Administrative	5%	2%	7%
Operator	21%	46%	67%
Total	**43%**	**57%**	**100%**

The total number of dismissals by gender, age and occupational classification, during fiscal 2020 and 2019, is as follows:

	Number of terminations					
	Men	Women	Total	<30	30-49	>49
2020	605	66	671	302	344	25
2019	119	28	147	50	90	7

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	Number	
	2020	2019
Department Director	2	2
Foreman	35	23
Technician	25	16
Administrative	30	23
Operator	579	83
Total	**671**	**147**

The increase in the number of redundancies compared to fiscal 2019 is mainly due to the completion of relevant projects in Brazil during fiscal 2020.

The salary model generally applicable to Soltec Power Holdings workforce is fundamentally a fixed salary model, based on the provisions of the applicable collective bargaining agreements or by the conditions and agreements in force in each country, which consider the level of responsibility, the functions performed and the professional career of each employee. The principles of in-house equality and the value of the employee’s role play an important role in the total salary. The award and amount of this fixed salary is based on predetermined and non-discretionary objective criteria.

The abovementioned model includes a variable salary made up of income subject to the fulfilment of certain conditions, normally related to the employee’s performance, and is implemented by means of incentives and commissions.

Additionally, Soltec Power Holdings’ salary system also includes a flexible salary to voluntarily design the make-up of the compensation package for employees according to their personal and/or family needs, substituting the cash salary for certain products and services, such as transport tickets, childcare, restaurants, and medical insurance.

The Group's average salaries for 2020 and 2019 was as follows, broken down by gender, age and professional category:

Fiscal year 2020

	Euros				
	Men	Women	<30	30-49	>49
Salary	23,633	26,859	18,796	24,835	26,850

	Euros				
	Director	Manager	Technician	Administrative Assistant	Operator
Salary	85,030	37,551	24,980	18,384	15,757

Fiscal year 2019

	Euros				
	Men	Women	<30	30-49	>49
Salary	16,686	18,766	11,184	19,701	20,386

	Euros				
	Director	Manager	Technician	Administrative Assistant	Operator
Salary	56,325	33,805	23,613	12,999	9,575

The Group's salary policy promotes equal treatment between men and women, which does not establish or promote a pay gap. The salary model rewards the level of responsibility and professional career, ensuring in-house equality and external competitiveness.

To calculate the Group's salary gap, the average salary of men and women by professional category has been considered. This information is conditioned by the following aspects:

i) the professional categories are formed by an assimilation of different professional categories according to the legal and employment framework of the country.

ii) professional categories include different jobs with different salaries depending on the position.

iii) not all professional categories or both sexes exist in all companies/countries.

iv) the salary structures of each company/country are different.

In this context, the salary difference for each category has been calculated as the difference in average salary between men and women divided by the average salary of men. With the abovementioned information, the weighted average has been calculated considering the weighting of each category with respect to the workforce during the year. Finally, these calculations give the contribution to the overall salary difference by professional category, not identified in relation to the pay gap for the Group as a whole.

During the 2020 fiscal year, there has been a change in the Parent Company's administrative body to a board of directors composed of seven members (3 women and 4 men) of which the former sole director is a member and of which the chairman of the board has performed the duties of chief executive officer.

During 2020 and 2019 the directors and senior management (2 women and 5 men) of the Parent Company have accrued the following monetary income (includes both incomes paid by the Parent Company and by any other subsidiary):

	Thousand euros (*)	
	2020	2019
Remuneration for membership on the Board and/or Board Committees (**)	76	-
Salaries (***)	721	180
	797	**180**

(*) In fiscal 2020, all *Chief Executive Officers* and general managers of the industrial and development segment are considered senior management (in fiscal 2019, the sole director was considered senior management).
(**) 40 and 36 thousand euros, respectively, female administrators and male administrators.
(***) Includes the salary of the Chief Executive Officer of the Parent Company who is also a member of the Board of Directors (596 and 125 thousand euros, respectively, men and women).

In addition, they have not accrued amounts classified as income in kind for their work as senior management or directors in addition to those indicated above in any of the periods.

The accrued amount of personnel expense resulting from share-based payments to employees, one-man senior management, during the fiscal year 2020 amounts to 53 thousand euros (55 thousand euros in fiscal year 2019).

The ratio between the minimum wage paid by Soltec Power Holdings and the minimum wage for 2020 and 2019 is greater than one unit for Spain, and the Group undertakes to comply with the local regulations in force in the rest of the subsidiaries, both at the level of agreements and agreements related to the establishment of a local minimum wage.

Working hours

Soltec Power Holdings companies have the autonomy to organize their working time based on the applicable collective bargaining agreements and/or company agreements that regulate the annual working day, as well as the operational needs applicable in each situation.

Based on compliance with legal requirements, and in balance with the obligations of each of the companies, Soltec Power Holdings promotes flexible practices that facilitate the adaptation of the work schedule for its employees: flexible start times, adjustments to the lunch schedule depending on the start time, intensive workdays on Fridays, etc.

In Spain, working hours for the years 2020 and 2019 have been set, in the most relevant collective bargaining agreements, at 1,760 effective annual working hours for full-time employees. For part-time employees, the percentage reduction is applied in proportion to the contractually agreed working hours.

The average annual number of full-time and part-time employees by gender, age and professional category for the years ended December 31, 2020 and 2019 is as follows:

Fiscal year 2020

	Average annual employees (%)					
	Men	Women	Total	<30	30-49	>49
Complete	87%	12%	99%	36%	53%	10%
Partial	-	1%	1%	1%	-	-
Total	**87%**	**13%**	**100%**	**37%**	**53%**	**10%**

	Average annual employees (%)		
	Full time	Part time	Total
Department Director	1%	-	1%
Managers	11%	-	11%
Technician	12%	-	12%
Administrative assistant	5%	1%	6%
Operator	70%	-	70%
Total	**99%**	**1%**	**100%**

Fiscal year 2019

	Average annual employees (%)					
	Men	Women	Total	<30	30-49	>49
Complete	87%	13%	100%	38%	53%	9%
Partial	-	-	-	-	-	-
Total	**87%**	**13%**	**100%**	**38%**	**53%**	**9%**

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	Average annual number of full-time employees (%)
Department Director	3%
Foreman	8%
Technician	14%
Administrative	7%
Operator	68%
Total	**100%**

Although there is currently no common policy establishing measures for employees to disconnect from work, the Group tries to facilitate, as far as possible, the work-life balance of its employees. To this end, courses and meetings are held during working hours, and all employees who request them can take advantage of the reduced working day. Likewise, as a result of COVID-19, and as a preventive measure, teleworking has been promoted in order to limit face-to-face attendance whenever possible.

A total of 27 men and 3 women were able to take parental leave in 2020 (19 men and 1 woman in 2019). It should be noted that the Group has established a set of preventive measures aimed at protecting mother and child during pregnancy and breastfeeding.

The total number of absenteeism hours during the year ended December 31, 2020 amounted to 68,521 hours, equivalent to 3% of total equivalent hours (30,127 hours, equivalent to 1% of total equivalent hours during fiscal year 2019), the increase being due to the effects of the COVID-19 pandemic on the Group's workforce.

Health and safety

Soltec Power Holdings assumes as one of its fundamental commitments the integral protection of the health of its employees. Soltec Power Holdings' commitment to occupational health and safety is transmitted to the different stakeholders through the policies and systems defined by the company: quality, environment and health and safety policy and management system based on the ISO 45001 and ISO 14001:2015 standards, in which the design, manufacturing, and assembly of solar trackers at the locations in Spain, Mexico, Brazil, and Chile are certified.

This system is eminently preventive in nature and is based on the identification and prior planning of units that may pose a risk to the health and safety of workers, to implement these units in accordance with the criteria established.

The Group has opted in Spain, as an organizational modality for prevention management, for the arrangement of an external prevention service, which assumes the specialties of industrial hygiene and health surveillance. The Group's own prevention service manages the specialties of safety, ergonomics and applied psychosociology.

Meanwhile, Soltec Power Holdings has its own preventive resources through an EHS department that is designed as a specific organizational and functional unit, integrated within the Group’s management team and directly dependent on the company’s management team, which is also responsible for providing training to all employees and for carrying out inspections and audits to help maintain a high level of prevention throughout the Group. It also has prevention officers and a Health and Safety Committee.

Given that the activity of the organization is so geographically dispersed across the world, the global director of the EHS department is physically located at the Murcia head office, with a head of the EHS department at each of the Group’s projects and offices in the world.

During the fiscal year ended December 31, 2020, the Group's various prevention departments have become particularly relevant due to the outbreak of the coronavirus pandemic. From the outset, Soltec Power Holdings implemented a series of measures to ensure the safety and health of its employees, customers, and suppliers, in addition to reinforcing the preventive measures already in place, in order to guarantee the continuity of its operations.

At the beginning of the pandemic, Soltec Power Holdings defined a procedure for dealing with coronavirus infection, which has been periodically updated and made available to all workers. Likewise, preventive measures have been established in all its facilities, for its workers, supplier visits and for loading and unloading at docks, including access control, temperature measurement, hygiene measures and reinforcement of equipment and cleaning tasks, PPE management, ventilation, among others.

Soltec Power Holdings recognizes the importance of working conditions as a key factor in employee commitment and talent retention. In this sense, it ensures the quality of life of its workers, providing them with conditions suitable for their comfort in a stable and high-quality working environment.

In the countries where Soltec Power Holdings operates, there are several collective agreements that regulate the recruitment of employees, and most of them address specific conditions regarding health and safety, in order to foster and encourage safe working conditions. These conditions generally cover aspects such as:

- The obligation to provide PPE suitable for the task in question.
- The need to ensure the training and skills of employees who perform hazardous work.
- The right of any employee to stop work that is being carried out in unsafe conditions.
- The obligation of employees to comply with the established rules, procedures, and guidelines to carry out the work safely.
- The obligation of workers to undergo occupational medical examinations to validate their medical aptitude in relation to the work to be performed.

The frequency and severity rate of occupational accidents, excluding accidents while commuting, categorized as minor, was 7.8 and 0.3 during the year ended December 31, 2020 and 0.3, respectively (1.4 and 0.07, respectively during the year 2019), with fifteen accidents involving men and two involving women (four accidents involving men during the year 2019). No cases of occupational diseases have been reported during fiscal years 2020 and 2019. In this context, no high-risk jobs have been identified.

The Group is committed not only to continue to reduce its accident rates, which are generally below the national or sector average, but also to continue to rigorously comply with the environmental requirements of ISO 14001:2015. Additionally, Soltec Power Holdings has adhered to the Luxembourg declaration for healthy companies, with the objective of not only maintaining, but also improving the health of all the Group's personnel.

Due to Soltec Power Holdings' continuous effort to care for the health of its employees, during the 2019 fiscal year an agreement was formalized with a healthy food company, thus reducing staff travel and avoiding potential traffic accidents, as well as providing a healthy and balanced meal that will benefit their health.

Soltec Power Holdings provides its employees with a personal trainer twice a week, encouraging its workers to develop healthy and sporting habits. During the 2020 and 2019 fiscal years, it has also organized courses, including one with a captain of the Civil Guard, who has won a national award for occupational risk prevention, so that interested employees could improve their skills in stressful situations.

Company relations

In accordance with current regulations, the working conditions and rights of Soltec Power Holdings employees, such as freedom of association and union representation, are included in standards, in agreements and in agreements signed, if applicable, with the corresponding workers' representatives. Dialogue and negotiation are part of the way of dealing with any difference or conflict in the Group, for which there are specific procedures for consultation with the aforementioned representatives, with the most relevant coverage percentages in Spain, Mexico and Brazil, which amount to 100%, 62% and 100%, respectively, during the 2020 fiscal year (100%, 95% and 77%, respectively, during 2019 fiscal year), with the variations with respect to the 2019 fiscal year corresponding to situations derived from the relations with the trade unions in the projects in progress in Mexico and Brazil.

The collective bargaining agreements for the iron and steel industries in the Autonomous Community of the Region of Murcia and Cáceres and its province, the metal industries and services agreement in the province of Albacete, the metal sector agreement in the province of Zaragoza, the sector agreement for engineering companies and technical studies offices and the agreements for offices in Murcia and Madrid are the most relevant reference agreements in Spain, and all the employees of the Spanish companies are covered by collective bargaining agreements. As for the rest of the subsidiaries, they are governed by the applicable sectoral/company collective bargaining agreements, where applicable, and a significant number of the Group's employees, mainly in Brazil and Mexico, are covered by these agreements.

In countries where there are no collective bargaining agreements, employees are covered by the labor legislation in force in those countries.

The Group companies acknowledge the right to join any trade union and to non-discrimination due to this membership as well as equal opportunities, treatment, and non-discrimination for pay in jobs with the same value. The application of these rights results in a continuous, open, and constructive dialogue that the Group maintains constantly with the unions and which results in a significant number of consultations and negotiations throughout the year, with no relevant conflict between the company representatives.

Training

Staff training and motivation play a fundamental role in Soltec Power Holdings' value creation process. That is why, year after year, the Group companies develop training plans appropriate to the needs of the team's education, integration, and professional and personal development, considering the collective goals of the Group and the individual goals of each employee.

The internal training plans have set out to expand the training on offer and course duration in order to provide a greater variety of training that can be accessed by all staff, addressing aspects not just related to general development (languages and IT skills), but also incorporating specific courses to expand job-related skills and abilities in each area.

The Group companies encourage their workers to express their goals and expectations, maintaining an open dialogue with them in order to know how to retain and motivate workers by proposing attractive, realistic and long-term skills development options. Training needs are analysed at all levels, including business strategy, operational difficulties, and other issues such as individual performance, development and succession, and legal requirements.

In this sense, the Group makes professional development plans available to all its employees to address their short, medium and long-term professional development goals. These plans guide and monitor the evolution and development of employees' skills and careers in order to ultimately achieve the goals set. The development plan is fully aligned with the training plan, thereby ensuring consistency throughout the employees' time at the company.

What's more, in the constant search for the best prepared professionals that adapt to the Group's needs, we have developed the Solteach Scholarship to train newly graduated engineers in solar energy and a Solteach On-Site training course, focused on training electronics professionals and the electricity in the field work that is needed for the correct operation and installation of the photovoltaic farms. These courses consist of different sections to introduce the student to the key aspects of the international photovoltaic market and the processes that our products follow.

All the courses given were in response to training needs identified in the workforce and amounted to a total of 41,403 hours during the year ended December 31, 2020, of which 4,151 were given to management personnel, 3,200 to administrative personnel, 9,701 to technical personnel, 8,737 to supervisors and 15,614 to operators (59,827 hours, of which 4,812 were given to management personnel, 5,081 to administrative personnel, 14,337 to technical personnel, 11,332 to supervisors, 11,701 to supervisors and 15,614 to operators).614 by operators (59,827 hours, of which 4,812 were carried out by management personnel, 5,081 by administrative personnel, 14,337 by technical personnel, 11,052 by managers and 24,545 by operators during fiscal year 2019), having been reduced with respect to the previous fiscal year, mainly due to the reduction in personnel and the COVID-19 pandemic. Training hours provided in Spain, Brazil and Mexico accounted for 56%, 25%

and 10%, respectively, of the total hours in fiscal year 2020 (45%, 41% and 11% in Spain, Brazil and Mexico, respectively during 2019).

Accessibility

For Soltec Power Holdings, the integration of people with diverse abilities into the labour market is important from both a human rights and economic perspective, leading to equal opportunities and higher employment rates.

Soltec Power Holdings strives towards this integration, establishing action protocols to resolve issues that arise in cases where health conditions, biological condition, disability, or any other cause, give rise to a special sensitivity of a worker to the conditions of the work he/she usually performs.

Soltec Power Holdings specifically guarantees the protection of these workers, and to this end will take these aspects into consideration in the risk assessment and based on this, will adopt the necessary preventive and protective measures.

As of December 31, 2020, the Group had 11 people with disabilities (18 people in 2019). In the context, the Group supports labour integration and the incorporation of people with disabilities into the world of work. The distribution by gender and category of the number of people employed by the Group, 6 in Spain and 5 in Brazil, at December 31, 2020 (8 in Spain and 10 in Brazil in 2019), with disabilities greater than or equal to 33%, is as follows:

	Number	
	2020	2019
Managers	2	1
Technician	1	2
Administrative assistance	2	4
Operator	6	11
Total	**11**	**18**

Equality

The Group declares its commitment to the creation and development of policies that integrate equal treatment and opportunities for all its employees, without discriminating directly or indirectly for reasons of gender, ideology, race, age, social origin. It also fosters and promotes measures to achieve real equality within the organization, establishing the same opportunities between men and women as a strategic principle of its corporate policy and human resources, in accordance, within the Spanish legal framework, with Organic Law 3/2007 of 22 March, for the effective equality between women and men, and Royal Decree-Law 6/2019 of 1 March, on urgent measures to guarantee equal treatment and opportunities between women and men in employment and occupation.

The principle of equal opportunities for women and men is applied in all areas of activity, from recruitment to promotion, including wage policy, training, working and employment conditions, occupational health, working time management and work-life balance.

The aforementioned principles will be put into practice by Soltec Power Holdings through the promotion of equality measures or through the implementation of an equality plan, considering, among other aspects, the regulations in force and the following measures:

- Fully and actively incorporate the principle of equal opportunities in the Group.
- Developing and incorporating specific measures that help enhance the employability of women who work in the Group.
- Creating working procedures in human resources that are governed by the principles of equal

opportunities when selecting and recruiting personnel.

- Incorporating a gender perspective into all decision-making processes that affect the Group's business and employment matters.
- Implementing work-life balance measures from an equality level within the internal structure of the Group.
- Fostering and implementing within the company a professional development model based on quality and equal opportunities between women and men.
- Formally acquiring the commitment to promote equal opportunities cross-sectionally in all the actions undertaken by the Group.

In this context, the Group has set up a permanent joint equality committee, developing its operating regulations and providing it with the basic instruments necessary to identify and correct any possible situations of discrimination or inequality that may exist in the workplace or those that may arise indirectly.

Soltec Power Holdings recognizes the need to prevent harassment in the workplace, making its appearance impossible and eradicating all behaviour that could be considered to constitute harassment in the workplace; on the one hand, emphasizing the unacceptability of harassment in the workplace, whatever type it may be, and on the other hand, and in a coherent manner, proposing actions to prevent and sanction it in the event that it occurs.

Respect for the dignity and privacy of people, the fight against all forms of discrimination, the promotion of effective equality of women and men, the guarantee of health and safety and of physical and moral integrity, are all basic rights of all the Group's employees.

In this sense, and in order to guarantee the protection of the legally recognized rights of the person, the Soltec Group, in its commitment to establish an organizational culture of guidelines and values against such harassment, states that a basic principle is the right of employees to receive respectful and dignified treatment, committing to put in place procedures that prevent, detect and eradicate the psychosocial risks of employees and, in particular, formalizing the response protocol to behaviours which may lead to workplace harassment, having implemented an action protocol against workplace harassment that establishes the procedures, response measures and prevention, as well as the follow-up and monitoring of any incident related to it.

During the fiscal years ended December 31, 2020 and 2019, no relevant risks in equality have been identified and no complaints have been received in relation to the same.

Human rights

As a responsible company, Soltec Power Holdings is committed to respecting and complying with numerous laws, regulations and other legally binding rules that are applicable. As a result, the Group's employees undertake to respect the laws in force in the countries where they carry out their activities and not to do anything that could damage the company's interests.

Soltec Power Holdings may be declared legally liable for violations of laws and other mandatory regulations, as well as for any other illegal activity of its employees, so it expects all its employees to act lawfully, ethically, and professionally in the performance of their duties.

The commitment to comply with the legislation in all areas in each of the places where its activity is developed, is an inexcusable premise and of essential relevance to maintain and improve trust with citizens and society.

In all professional conduct, the Group's employees strive to do not just what is legal, but also what is correct, and they strictly respect the human rights and public liberties included in the Universal Declaration of Human Rights of the United Nations.

Furthermore, the Group's suppliers are required to support and respect the protection of human rights, as defined in the United Nations declaration, and are not authorized to take any action which violates these principles, either directly or indirectly.

Soltec Power Holdings assumes the following principles of the Global Compact, which are derived from United Nations declarations on human rights, labour, environment and anti-corruption and which enjoy universal consensus:

I. Soltec Power Holdings does not use or support the use of child labour.

II. Soltec Power Holdings does not use or sponsor the use of forced labour by employees.

III. Soltec Power Holdings establishes a safe and healthy work environment, takes appropriate measures to prevent accidents and injuries. All risks that could not be avoided are evaluated. Actions are planned to eliminate or reduce identified risks. The facilities are correct with respect to occupational risk prevention.

IV. Soltec Power Holdings respects the right of its employees to form unions, and that they can choose a union of their choice. Soltec Power Holdings guarantees that personnel representatives are not discriminated against and can have access to the rest of the workers in the workplace.

V. Soltec Power Holdings does not carry out or sponsor any type of discrimination based on race, origin, nationality, religion, disability, sex, sexual orientation, union participation, political or ideological orientation, work category or age. Soltec Power Holdings does not allow behaviour, gestures and language that violate the dignity or integrity of persons.

VI. Soltec Power Holdings does not use or support corporal punishment, mental or physical coercion, or verbal abuse.

VII. Soltec Power Holdings employees have at least one day off during each seven-day work period. Overtime is paid according to the collective bargaining agreement and is always voluntary for workers.

VIII. The salary paid complies with the legal minimum wage requirements per job. Soltec Power Holdings complies with all labour and social security obligations established in current legislation.

IX. Soltec Power Holdings monitors the compliance of relevant suppliers and subcontractors with social, labour and occupational risk prevention regulations.

Soltec Power Holdings has not identified during fiscal year 2020 and 2019 any relevant risks of a possible breach of human rights in the organization's direct or indirect activities.

During the years ended December 31, 2020 and 2019, no complaints of human rights violations have been received.

Fight against corruption and bribery

In every step of the business, from corporate governance to operations and supply chain, the Group strives for integrity, respecting fundamental responsibilities in the areas of human rights, work, the environment and the fight against corruption. Soltec Power Holdings has a commitment to zero tolerance towards fraud, bribery or corruption that may occur in the environment of its operations, either by its professionals or by third-party collaborators.

Soltec Power Holdings has management tools that guarantee that all employees act with integrity, complying with the law and respecting people and human rights. Specifically, the Group has developed a code of conduct, applicable to Soltec Power Holdings, S.A. and Soltec Energías Renovables, S.L.U., which will be progressively implemented in the rest of the companies. which will be progressively implemented in the rest of the companies and whose purpose is to establish the guidelines and action guidelines for all its administrators, managers and workers in their daily performance, with regard to the relations it maintains with all its stakeholders, with a transparent, effective and efficient management of resources, being honest with customers, suppliers, institutions, and being socially and environmentally responsible.

The Group's code of conduct is based on the definition of the Group's mission, vision, values and principles, and stands as an action guide to ensure an adequate performance in the professional performance of its employees, adapting and accommodating to the legislation in force in the country where the Group carries out its activities, as well as with the internal policies and protocols. Likewise, the Group promotes and encourages its suppliers and collaborating companies to adopt the behavioural guidelines developed in this code of conduct.

The aforementioned code of conduct is the basis for the corporate compliance program implemented by Soltec Power Holdings during 2020, which has been certified by AENOR according to the UNE 19601 standard, with the aim of preventing, avoiding and identifying the commission of criminal offenses in the business environment in compliance with the provisions of the Spanish criminal code, and for which a compliance body has been established to ensure adequate operational supervision of the program's operation.

Soltec Power Holdings' criminal prevention function has the following strategic objectives:

- Promote a culture of compliance within Soltec Power Holdings, as well as the knowledge by its members of the rules and regulations applicable to the above matters, through advisory, dissemination, training and awareness-raising actions.

- Define and drive the implementation and full adherence of the organization to risk management frameworks and measures related to compliance issues.

Based on the foregoing, an analysis has been made of the activities carried out by the Group, as well as its internal operation, identifying the crimes that could be applicable or with respect to which there is a certain risk of being committed in the Group, in view of the activity carried out.

In addition, Soltec Power Holdings has aligned the internal protocols or procedures aimed at preventing or mitigating the commission of crimes by employees when they act on behalf of the Group in the development of its activities with the potentially identified risks. These protocols include the anti-corruption policy and the internal rules of conduct in the securities markets.

In summary, the corporate compliance model currently includes, broadly speaking, the following elements:

- The criminal risks that affect each of the different departments and areas, as well as the review of critical activities.
- The general controls and corporate policies in place to prevent the commission of crimes.
- The process of monitoring the controls that make up the criminal risk supervision and follow-up system.
- The appointment of a compliance body as a control body.
- A financial resource management system.
- A disciplinary system.
- A whistleblower channel where non-compliance can be reported.
- Regular employee training.

The Group requires all its employees to strictly comply with all applicable anti-corruption regulations, and in this regard, they will not be able to offer, directly or indirectly, any benefit or service to customers, partners or any other person or entity which has or may have dealings with the company, in order to unlawfully influence the dealings.

Group employees may not make or offer, directly or indirectly, any payment in cash, in kind or any other benefit, to any public official, with the intention of illegally securing or maintaining business or any other advantages. Likewise, they may not, under any circumstances, accept gifts, handouts, special benefits, or any other kind of favor from any person or private entity during their activity, unless they are symbolic and insignificant or as a sign of courtesy.

To report possible breaches, Soltec Power Holdings has made a whistleblower channel available both to its employees and to any of the Group's business partners who consider it necessary to make use of it, through which they should report any type of well-founded suspicion or knowledge of possible breaches of the code of conduct, as well as of any general or specific protocol that the Group has adopted as part of the implementation of corporate compliance.

The potential crime of money laundering has been specifically evaluated in the context of Soltec Power Holdings' activity and no relevant aspect has been identified in relation to it.

Likewise, although it is not an obligated subject due to its activity, Soltec Power Holdings is committed to firmly fighting against money laundering, to prevent the financing of terrorism, as well as other illicit activities by loyally following the recommendations of the Financial Action Task Force. To this end, Soltec Power Holdings will not establish business relationships with persons or entities that do not comply with the money laundering and terrorist financing obligations of each country or that do not provide adequate information regarding compliance with the same.

The personal data collected, stored and/or used by the Group will be registered and processed in compliance with the obligations established in the Organic Law on Data Protection (regulations in force at any given time), ensuring the recognition of the rights (information, access, rectification, etc.) established in the Law.

The transfer of personal data (whether of customers, suppliers, employees or third parties) to unauthorized persons is strictly prohibited, as is improper access to such data (by unauthorized persons or for purposes other than internal business use).

During the years ended December 31, 2020 and 2019, there were no relevant sanctions or complaints related to the areas described in this section.

Social outreach

Society

For Soltec Power Holdings, sustainability is understood as permanence over time, and in order to achieve it, it is necessary to respond to the expectations that society and the people who surround the Group have of it. For this reason, the Group pursues economic, environmental, and social objectives in equal measure.

The Group is committed to ensuring that its activities have a positive impact on the society in which it operates, establishing a good relationship with the environment through various active initiatives in the constant pursuit of these goals, which are so important today.

Soltec Power Holdings is committed to everything that involves being socially responsible. The business takes place in an environment that must be respected, in a society to which a good part of what is delivered every day must be returned, and in a state to which taxes and contributions must be contributed.

The first goal is focused on customer satisfaction, based on the following priorities: (i) the achievement and fulfilment of the specific and temporary expectations raised by customers; and (ii) the guarantee that the expectations will be adapted to the new demands that the market and customers may demand in the future. Therefore, this is a commitment to the continuous improvement of quality.

With a firm commitment to renewable energies and the environment, Soltec Power Holdings is committed to product development and research to provide cutting-edge technology in the industry, minimizing the environmental impact and championing the development of local economies.

The Group is fully aware of the socioeconomic development of all the areas in which it operates. The commitment to recruiting local labour is real, especially in areas plagued by unemployment or other social disasters.

During fiscal year 2020, as a consequence of the current health and economic crisis derived from Covid-19, the Group has allocated significant resources to food banks, with its employees actively collaborating in the Jesús Abandonado canteens, and to entities that have needed protective equipment, masks, etc.

What is more, education is a cornerstone in its commitment to local communities. The Group provides theoretical/practical training courses in the communities where it operates, not just in renewable energies, but also in other trades that may benefit the target group. These courses are free for local staff, who generally come from areas plagued by unemployment without the possibility of accessing the employment market due to a lack of specific training.

This training is particularly valued in developing countries, where unemployment is very high. In this context, training can enable them to significantly improve their quality of life.

Social projects are also developed, attending to the needs of each place, highlighting the Group's commitment and solidarity with people in need by collecting and donating toys to different non-governmental organizations worldwide.

The Group actively supports health campaigns such as the World Breast Cancer Day, with talks and informative leaflets, helmet stickers, etc., and also mobilized during the earthquakes in Mexico, where it made both economic donations and delivered food for the victims, highlighting, among other aspects, the volunteer team in Murcia, in response to the disasters caused by the floods resulting from the Dana, through a campaign to help clean up and rehabilitate the most affected areas, as well as in the cleaning of plastics on the coast of Cabo de Palos.

Finally, among many other contributions, the Group took part in the reforestation of *Mount Roldán*, an area of incomparable beauty, to repopulate this area with its most indigenous and endangered species, such as cypress and *albaida* (local shrubs).

Associations and sponsorships

Aware of the social responsibility that the Group has as an organization, all means are provided to guarantee the integrity of employees and partners.

Soltec Power Holdings collaborates with the community by promoting sporting, cultural and charitable activities. The Group encourages social contribution thanks to partnership initiatives with non-profit groups or entities with the commitment to assess the potential impacts and inherent risks of the business which may affect society.

Actions include the sponsorship of the Murcia International Tennis Tournament, sponsorship of the annual cycle of concerts by young musicians in Murcia, or sponsorship of one of the electric cars that competed in the Greenpower Iberia South-East race.

With regard to the associations in which the Group actively participates, we can highlight, among others, the following:

- UNEF (Spanish Photovoltaic Union)
- APPA (Spanish Renewable Energy Association)
- SEIA (Solar Energy Industries Association)
- MESIA (Middle East Solar Industry Association)
- SEPA (Smart Electric Power Alliance)
- Energy Council Australia
- AREMUR (Business Association of Renewable Energies and Energy Saving of Murcia)
- FREMM (Regional Federation of Metal Businesspeople of Murcia)

- RES4Africa (Renewable Energy Solutions for Africa)
- ABSOLAR (Associação Brasileira de Energía Soalr Fotovoltaica)
- Solar Power Europe
- Future Electricity
- ENTRA Aggregation and Flexibility
- SECARTYS
- AHMUR (Murcia Region Green Hydrogen Sector Association)

The amount of donations made by Soltec Power Holdings during 2020 and 2019 fiscal years was thirty-six thousand and eleven thousand euros, respectively, including donations made to food banks, the Health Service of Murcia, Aldeias Infantis SOS, Doctors of the World, UNICEF, Ready for Africa, etc.

Outsourcing and suppliers

The procurement policy sets out to build a solid base of approved suppliers to meet the demands and expectations of customers. The Group, by means of efficient and transparent procurement management, continually seeks to identify and mitigate the social and environmental risks inherent to the entire supply chain.

The Group takes the approach of continuous improvement of its processes as part of its commitment to the search for added value in its supply chain. Thus, its operational processes are reviewed and adapted to include an evaluation of suppliers to ensure the quality, safety, ethical compliance and sustainability of their integrated practices in the value chain, in response to the growing interest of stakeholders in the origin of raw materials. The Group is working to ensure that logistics suppliers are efficient and reduce their environmental impact.

The management of supplier relationships also includes the added value that human aspects of the business can bring to operations, respecting the following foundations: two-way, open and effective communication; mutual respect and willingness to consider the needs and opinions of the other party; fairness in negotiations; building trust, so that the Group can find innovative ways of working and solving problems together; and the flexibility to meet the needs of both parties.

Because the success of the projects carried out by Soltec Power Holdings depends largely on the good performance of those suppliers that supply tracker components or provide services for their installation on site, they undergo a strict process of approval and control.

As a prerequisite to making any purchase order, these suppliers' facilities, materials, equipment or services must be audited and approved by the Group's approval committee, which is made up of a member from the areas of quality, administration, engineering, procurement, production, logistics, safety and the environment.

By approving these suppliers, the aim is to reduce the risks inherent to the supply of these goods and services, which are considered essential, and to promote quality in the management of suppliers in general. As a result of the approval process, a list of approved suppliers is obtained, outside which the procurement managers will not be able to use when it comes to purchasing components for the trackers or contracting services for their installation on site.

Suppliers of goods or services that are not directly related to the *tracker* manufactured by the Group are not required to undergo the homologation process but must provide formal documentation to be accredited. This group includes all suppliers that do not supply *tracker* components or provide assembly and installation services.

In addition, the purchasing procedures and supply contracts entered into with suppliers require compliance with all provisions in force at any given time, especially those related to labour, social security or taxation, as well as those related to the environment, health and safety, and must prove their compliance in the established manner and within the established deadlines. To this end, among other aspects, available quality certificates (ISO 9001), policies to respect the environment (ISO 14001), occupational health and safety policies (ISO 18001 and ISO 45001), policies related to compliance with the guidelines established by the international labour organization will be requested, and internal and external audits will be carried out periodically.

Furthermore, the Group’s suppliers are required to support and respect the protection of human rights, as defined in the United Nations Universal Declaration of Human Rights and are not authorized to take any action which violates these principles, either directly or indirectly.

The material supply contracts signed by suppliers clearly specify that the products supplied must not contain asbestos or any other hazardous or radioactive material or substance in any form, either in the raw material or in the components used.

In this sense, the supplier shall certify and ensure that no "conflict minerals" such as tin, tantalum, tungsten, wolfram or gold are procured or contained in the supply from conflict-affected or high-risk areas, including from its own suppliers. In general, the supplier shall follow and comply with all relevant laws and regulations regarding restrictions on substances, materials and radioactivity.

Finally, it is worth highlighting Soltec Power Holdings' support for local growth in the region and economic development and, therefore, its commitment to purchasing from local suppliers whenever the type of product required allows it, representing the supplies made in the countries where it operates, during 2020, approximately fifty percent of the purchases made, 45% Spain and Portugal and 7% Brazil, (fifty percent of the purchases made during 2019, 39% in Spain and Portugal, 9% in Brazil and 2% in Australia). The remaining procurements have been made during 2020, mainly in China and Korea with 29% and 14%, respectively (China and Korea with 30% and 12%, respectively during 2019).

Customers

Soltec Power Holdings, aware of its commitment to its customers, has the necessary resources to establish a quality, environmental, and health and safety management system in its organization, certified according to ISO 14001:2015, ISO 9001 and OHSAS 18001:2007. Its goal is to provide customers with a more efficient service every day, realizing that the services provided must have a constant increase in quality, reliability, and safety.

All the Group's products are guaranteed to ensure their correct operation, according to the contracted warranty terms, undergoing strict quality controls to meet the specifications and requirements of its customers. As a compilation of all inspections, trials and tests performed, a FAT certificate is issued. The objective is to offer the best service to customers, accompanying, advising, and training in each case in order to ensure the best and fastest technical assistance.

The operation and maintenance plan offer the best assistance with immediate response, regular instructions, rapid management of problems with regional coverage, onsite and online coordination, routine and urgent visits to plants, periodic reports, dedicated staff, online monitoring, and administration. Additionally, there are operational procedures that set forth the necessary requirements for carrying out tracker maintenance, with the aim of standardizing activities during works and thereby managing to control, reduce and/or eliminate the risks of accidents with injury to people or damage to equipment, facilities, and the environment.

Similarly, Soltec Power Holdings offers its customers a customer service, "Solmate", and has a new *online* platform available 24 hours a day through which customers can always report problems quickly and track their requests at any time. With local infrastructure in countries such as Mexico, the United States, Brazil, Spain, Chile and Australia, as well as Solhub warehouses in different countries to initiate quick spare parts management, Soltec Power Holdings guarantees the best and fastest response to any operating incident.

With Solmate Care, customers can enjoy continuous technical assistance, *online* or *onsite*, and additional support options. Its objective is to accompany them throughout the entire process, with dedicated experts that enable immediate response, as well as the diagnosis of the problem and the fastest management of the solution. Through Solmate Care, customers can access complementary benefits such as the monitoring of its Tracking Monitoring System, which allows a more precise knowledge of the operation of the solar trackers, as well as warranty extensions.

As part of the quality system, the Group has a procedure for identifying and managing non-conformities, which are appropriately documented by each project/subsidiary and reported to the central quality department at least once a month, as well as regular satisfaction surveys. Once the necessary actions have been implemented, the causes (source) of the non-conformities are analyzed and the necessary corrective actions are determined to avoid their repetition.

The number of complaints received during the year ended December 31, 2020, two hundred and eighteen (sixty-seven in 2019), from customers and admitted for processing has not been significant in relation to the number of equipment installed, being the same resolved, mainly through the replacement of materials and / or repairs.

Soltec Power Holdings currently has no fines or penalties for non-compliance with regulations related to consumer health and safety issues.

Tax reporting

During the year 2020, Soltec Power Holdings, S.A. and Soltec Energías Renovables, S.L.U. have implemented a corporate tax policy, which has been certified by AENOR according to the UNE 19602 standard, in order to strengthen the basis for compliance with the tax functions entrusted to the management body in accordance with the applicable regulations and best tax practices.

In this sense, the Groups' tax strategy has the fundamental goal of ensuring compliance with tax regulations and all tax obligations in each of the jurisdictions in which it operates, all within the framework of respecting principles of corporate integrity, transparency, and corporate interests. Similarly, Soltec Power Holdings is committed to maintaining a cooperative relationship with the public agencies.

Committing to the responsible payment of taxes and respecting in all cases the local tax regulations in each of the countries where Soltec Power Holdings operates, the principles that govern the Group's tax strategy and the good practices that derive from them are as follows:

- Adoption of the necessary measures to guarantee the reduction of significant tax risks and the prevention of conduct that could generate them, through the establishment of a policy of supervision, monitoring and control of the activity (*tax compliance* policy). The purpose of this policy is to implement a tax organization and management model based on due control and the reinforcement of an ethical business culture with respect to compliance with tax obligations.

- Implementation of effective information systems and internal control of tax risks, including measures to mitigate them and establishing internal corporate governance rules on this matter, compliance with which may be subject to verification.

- Rejection of the use of opaque structures for tax purposes.

- Relationship with tax administrations based on the principles of good faith, collaboration and transparency.

- Collaboration with public administrations in the detection and search for solutions regarding fraudulent tax practices that may develop in markets in which we are present.

- Use of all the possibilities offered by the contradictory nature of the inspection procedure and encouragement, as far as possible, of the voluntary regularization of any contingency.

- Information to the Group's management body on the tax policies applied and the tax consequences of transactions or matters to be submitted for its approval when these constitute a relevant factor.

- Adoption of decisions in tax matters based on a reasonable interpretation of the rules, under the principles of prudence and responsibility and, where appropriate, avoiding possible conflicts of interpretation through the use of instruments established for this purpose by the tax authorities.

- Promotion of a tax culture of compliance and responsibility by effectively communicating the tax compliance program and the derived obligations in order to reinforce the ethics-based corporate culture.

In order to comply with these guidelines, the Board of Directors has appointed a *tax compliance officer* in charge of supervising the model, who, among other aspects, will promote the review of the aforementioned tax policy, adopting the modifications and improvements deemed appropriate, in accordance with the regulations applicable at any given time.

The distribution by country of the results and income taxes paid during 2020 and 2019 are as follows:

	Thousand euros					
	2020			2019		
	Pre-tax profit (loss)	Profit (loss) for the period	Income tax paid	Pre-tax profit (loss)	Profit (loss) for the period	Income tax paid
Spain	(6,609)	(2,496)	682	1,804	2,330	1,072
Brazil	(4,333)	(3,498)	-	(2,273)	(1,160)	-
Mexico	484	74	-	(1,671)	(1,671)	138
Chile	33	(19)	-	(77)	368	-
Argentina	(221)	(193)	-	187	14	204
Peru	(34)	(34)	-	(91)	(92)	-
USA	1,062	1,651	-	(567)	(554)	15
India	15	10	-	14	13	-
Australia	209	129	-	(64)	(64)	6
France	(433)	372	35	3,117	2,172	-
Italy	(909)	(889)	-	(35)	(35)	-
Others	(34)	(35)	3	16	19	-
Total	**(10,770)**	**(4,928)**	**720**	**360**	**1,340**	**1,435**

During 2020 and 2019 the Group has not applied tax deductions for a significant amount, being capitalized pending application at December 31, 2020 an amount of 1,535 thousand euros (48 thousand euros at December 31, 2019). CDTI loans at December 31, 2020 amounted to 359 thousand euros (388 thousand euros at December 31, 2019), and no amount was drawn down in 2020 (238 thousand euros in 2019).

Subsequent events

There have been no subsequent material events related to non-financial information from December 31, 2020 through the date of preparation of this consolidated statement of non-financial information that have not been appropriately disclosed in the preceding sections.

Contents of the Statement of Non-Financial Information				
Contents of Law 11/2018 INF			Reference standard	Page Report
Business Model	Description of the group's business model	Brief description of the group's business model, including its business environment, organization and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future development.	GRI 102-2 Activities, brands, products and services GRI 102-4 Location of activities GRI 102-6 Markets served GRI 102-15 Key impacts, risks, and opportunities GRI 102-7 Organizational Dimension	p. 1 to 10
Information on environmental issues	Policies	Policies applied by the group, including due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and verification and control, as well as the measures that have been adopted.	GRI103-2 Management approach and its components GRI 103-3 Evaluation of management approach	p. 10 to 15
	Main risks	Key risks related to these issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that could have an adverse impact on these areas, and how the group manages these risks, explaining the procedures used to identify and assess them in accordance with national, European or international frameworks of reference for each subject matter. Information on the impacts that have been identified should be included, providing a breakdown of the impacts, in particular on the main short, medium and long-term risks.	GRI 102-15 Key impacts, risks, and opportunities GRI 102-11 Precautionary approach or principle	p. 10 to 15 p. 15
	General	Current and foreseeable effects of the company's activities on the environment and, if applicable, on health and safety.	GRI 102-15 Key impacts, risks, and opportunities GRI 102-29 Identifying and managing economic, environmental and social impacts	p. 10 to 15

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Contents of the Statement of Non-Financial Information				
Contents of Law 11/2018 INF			Reference standard	Page Report
			GRI 102-31 Evaluation of economic, environmental and social issues	
		Environmental assessment or certification procedures	GRI 102-11 Precautionary approach or principle GRI 102-29 Identifying and managing economic, environmental and social impacts GRI 102-30 Effectiveness of risk management processes	p. 10 to 15
		Resources dedicated to environmental risk prevention	GRI 102-29 Identifying and managing economic, environmental and social impacts	p. 10 to 15
		Application of the precautionary principle	GRI 102-11 Precautionary approach or principle	p. 15
		Provisions and guarantees for environmental risks	GRI 307-1 Non-compliance with environmental laws and regulations (CAAC)	The Group has no provisions and guarantees for environmental risks.
	Contamination	Measures to prevent, reduce or remediate carbon emissions that seriously affect the environment, considering any form of activity-specific air pollution, including noise and light pollution.	GRI 103-2 Management Approach (with a view to GRI 302 and 305) GRI 302-4 Reduction of energy consumption GRI 302-5 Reductions in energy requirements of products and services GRI 305-5 Reduction of GHG emissions	p. 12

Contents of the Statement of Non-Financial Information				
Contents of Law 11/2018 INF			Reference standard	Page Report
	Circular economy and waste prevention and management	Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste.	GRI 103-2 Management Approach (with a view to GRI 306)	p. 12 and 13
	Sustainable use of resources	Water consumption and water supply in accordance with local constraints	GRI 303-1 Interaction with water as a shared resource GRI 303-3 Water withdrawal GRI 303-5 Water consumption	This aspect is not considered material for the Group, since water consumption is mainly for human use.
		Consumption of raw materials and measures taken to improve the efficiency of their use	GRI 103-2 Management Approach (with a view to GRI 300) GRI 301-3 Recovered Products and Packaging	p. 15
		Energy: Consumption, direct and indirect; Measures taken to improve energy efficiency, Use of renewable energies	GRI 102-2 Management approach (with a view to GRI 302 Energy) GRI 302-1 Intra-organizational energy consumption (energy from renewable and non-renewable sources) GRI 302-2 Energy consumption outside the organization GRI 302-4 Reduction of energy consumption GRI 302-5 Reduction of energy requirements of products and services	p. 13 and 14
	Climate Change	Greenhouse Gas Emissions	GRI 305-1 Direct GHG emissions (scope 1) GRI 305-2 Indirect GHG emissions from energy generation (Scope 2)	p. 14 and 15

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Contents of the Statement of Non-Financial Information				
Contents of Law 11/2018 INF			Reference standard	Page Report
		Measures adopted to adapt to the consequences of Climate Change	GRI 102-15 Key Impacts, Risks, and Opportunities GRI 103-2 Management Approach (with a view to GRI 300) GRI 305-5 Reduction of GHG emissions	p. 14 and 15
		Voluntary reduction targets established in the medium and long term to reduce GHG emissions and the means implemented to this end.	GRI 103-2 Management Approach (with a view to GRI 305-5 GHG Emissions Reduction)	p. 14 and 15
	Biodiversity protection	Measures taken to preserve or restore biodiversity and impacts caused by actions or operations in protected areas	GRI 304 Biodiversity	p. 15
Information on company and personnel issues	Policies	Policies applied by the group, including due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and verification and control, as well as the measures that have been adopted.	GRI103-2 Management approach and its components GRI 103-3 Evaluation of management approach GRI 102-35 Compensation policies	p. 16 to 27

Contents of the Statement of Non-Financial Information				
Contents of Law 11/2018 INF			Reference standard	Page Report
	Main risks	Key risks related to these issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that could have an adverse impact on these areas, and how the group manages these risks, explaining the procedures used to identify and assess them in accordance with national, European or international frameworks of reference for each subject matter. Information on the impacts that have been identified should be included, providing a breakdown of the impacts, in particular on the main short, medium and long-term risks.	GRI 102-15 Key impacts, risks, and opportunities	p. 16 to 27
	Employment	Total number and distribution of employees by gender, age, country and job classification	GRI 102-7 Organizational Dimension GRI 102-8 Information on employees and other employees GRI 405-1. b) Employees by employment category for each category, gender, and age group.	p. 16, 17 and 18
		Total number and distribution of employment contract modalities	GRI 102-8 Information on employees and other employees	p. 18 and 19
		Average annual number of permanent, temporary and part-time contracts by gender, age and professional classification.	Not included in GRI: provides the total number of employees by contract (permanent/temporary and full/part-time) by gender, but not the average by age and professional classification (recalculation of 102-8).	p. 19, 22 and 23
		Number of dismissals by gender, age and occupational classification	GRI 401-1. b) Total number during the reporting period, by age group and gender (only regarding dismissals). Not included in GRI: Number of redundancies by occupational classification	p. 19

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Contents of the Statement of Non-Financial Information				
Contents of Law 11/2018 INF			Reference standard	Page Report
		Average salaries and their evolution broken down by gender, age and professional classification or equal value.	Average compensation by gender, age and job classification should be reported. For its calculation, the total salary payments in cash and remuneration in kind should be taken into account, so that the benefits referred to in GRI 401-2 should be taken into account for the calculation.	p. 20 and 21
		Wage Gap	OECD: The gender pay gap is defined as the difference between the average earnings of men and women relative to the average earnings of men.	p. 21
		Remuneration for equal or average jobs in the company	GRI 202-1 Ratio of standard entry level salary by gender compared to local minimum wage (this indicator is used because as one progresses through the career ladder, various factors may influence the definition of each individual's remuneration).	p. 21
		The average remuneration of directors and executives, including variable remuneration, per diems, indemnities, payments to long-term savings systems and any other payments disaggregated by gender.	GRI 102-35 Compensation policies GRI 102-36 Process for determining compensation (for management approach) GRI 201-3 Obligations under employee benefit plans and other pension plans Not included in GRI: Information disaggregated by gender.	p. 21

Contents of the Statement of Non-Financial Information				
Contents of Law 11/2018 INF			Reference standard	Page Report
		Implementation of work disconnection measures	Not included in GRI	P. 22 and 23
		Employees with disabilities	GRI 405-1. b) Percentage of employees by employee category for each diversity category (iii. Vulnerable groups).	p. 26
	Work organization	Organization of working time	GRI 102-8. c) Total number of employees by employment type (full-time or part-time) and gender.	p. 22 and 23
		Number of hours of absenteeism	GRI 403-2 Types of accidents and rates of occupational accidents, occupational diseases, lost days, and absenteeism, and number of related fatalities (section a) GRI 403-9 Work-related injuries	p. 24
		Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of work-life balance by both parents.	GRI 401-3 Parental leave Not included in GRI: management approach to other work-life balance measures	p. 22 and 23
	Health and safety	Occupational health and safety conditions	GRI 403-1 Occupational health and safety management system GRI 403-2 Hazard identification, risk assessment and incident investigation 403-3 Occupational health services 403-5 Occupational health and safety training for workers 403-6 Workers' health promotion	p. 23 to 24

Contents of the Statement of Non-Financial Information				
Contents of Law 11/2018 INF			Reference standard	Page Report
			403-7 Prevention and mitigation of impacts on the health and safety of workers directly linked to commercial relations	
		Occupational accidents (frequency and severity) disaggregated by sex	GRI 403-2 Types of accidents and rates of occupational accidents, occupational diseases, lost days, and absenteeism, and number of related fatalities (section a) GRI 403-3 Workers with high incidence or high risk of diseases related to their activity. GRI 403- 9 Injuries due to occupational accidents GRI 403-10 Occupational diseases and illnesses	p. 24
		Occupational diseases (frequency and severity) disaggregated by gender	GRI 403-2 Types of accidents and rates of occupational accidents, occupational diseases, lost days, and absenteeism, and number of related fatalities (section a) GRI 403-3 Workers with high incidence or high risk of diseases related to their activity.	p. 24
	Social Relationships	Organization of social dialogue, including procedures for informing, consulting and negotiating with personnel.	GRI 102-43 Approach to Stakeholder Engagement (related to unions and collective bargaining) GRI 403-4 Worker involvement, consultation and communication on occupational health and safety	p. 24 and 25
		Percentage of employees covered by collective bargaining agreements by country	GRI 102-41 Collective bargaining agreements Not included in GRI: broken down by country	p. 24 and 25
		Review of collective bargaining agreements, particularly in the field of occupational health and safety	GRI 403-1 Worker representation on joint health and safety committees	p. 24 to 25

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Contents of the Statement of Non-Financial Information				
Contents of Law 11/2018 INF			Reference standard	Page Report
			GRI 403-4 Occupational health and safety topics covered in formal agreements with employee representatives.	
	Training	Policies implemented in the field of training	GRI 103-2 Management Approach (with a view to GRI 404-Training and Education)	p. 25 and 26
		Total number of training hours by professional category	GRI 404-1 Average hours of training per employee per year Not included in GRI: total hours of training.	p. 25
	Accessibility	Universal accessibility for people with disabilities	GRI 103-2 Management Approach (with a view to GRI 405 Diversity and Equal Opportunity and GRI 406 Non-Discrimination)	p. 26
	Equality	Measures taken to promote equal treatment and opportunities for men and women	GRI 103-2 Management Approach (with a view to GRI 405 Diversity and Equal Opportunity)	p. 26 and 27
		Equality plans	GRI 103-2 Management Approach (with a view to GRI 405 Diversity and Equal Opportunity and GRI 406 Non-Discrimination)	p. 26 and 27
		Measures taken to promote employment	GRI 103-2 Management Approach (with a view to GRI 401 Employment) GRI 404-2 Programs to enhance employee skills and transition assistance programs	p. 26 and 27
		Protocols against sexual and gender-based harassment	GRI 103-2 Management Approach (with a view to GRI 405 Diversity and Equal Opportunity and GRI 406 Non-Discrimination)	p. 26 and 27

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		Integration and universal accessibility of people with disabilities	GRI 103-2 Management Approach (with a view to GRI 405 Diversity and Equal Opportunity and GRI 406 Non-Discrimination)	p. 26
		Policy against all types of discrimination and, where appropriate, diversity management	GRI 103-2 Management Approach (with a view to GRI 405 Diversity and Equal Opportunity and GRI 406 Non-Discrimination) GRI 406-1 Cases of discrimination and corrective actions taken.	p. 26 and 27
Information on respect for human rights	Policies	Policies applied by the group, including due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and verification and control, as well as the measures that have been adopted.	GRI103-2 Management approach and its components GRI 103-3 Evaluation of management approach	p. 27 and 28
	Human Rights	Implementation of human rights due diligence procedures	GRI 103-2 Management Approach (with a view to GRI 412 Human Rights Assessment)	p. 27 and 28
		Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and redress possible abuses committed	GRI 103-2 Management Approach (with a view to GRI 412 Human Rights Assessment)	p. 27 and 28
		Complaints of human rights violations	GRI 102-17 Mechanisms for ethical advice and concerns (complaints received and resolution) GRI 103-2 Management Approach (with a view to GRI 412 Human Rights Assessment)	p. 28

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Contents of Law 11/2018 INF			Reference standard	Page Report
			GRI 419-1 Non-compliance with laws and regulations in the social and economic spheres	
		Promotion and enforcement of the provisions of the ILO core conventions related to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in respect of employment and occupation, the elimination of forced or compulsory labor, and the effective abolition of child labor.	GRI 103-2 Management Approach (with a view to GRI 406 Non-discrimination; 407 Freedom of Association and Collective Bargaining; 408 Child Labor; 409 Forced or Compulsory Labor and 412 Human Rights Assessment)	p. 27 and 28
Information related to the fight against corruption and bribery	Policies	Policies applied by the group, including due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and verification and control, as well as the measures that have been adopted.	GRI103-2 Management approach and its components GRI 103-3 Evaluation of management approach	p. 28 to 30
	Main risks	Key risks related to these issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that could have an adverse impact on these areas, and how the group manages these risks, explaining the procedures used to identify and assess them in accordance with national, European or international frameworks of reference for each subject matter. Information on the impacts that have been identified should be included, providing a breakdown of the impacts, in particular on the main short, medium and long-term risks.	GRI 102-15 Key impacts, risks, and opportunities GRI 102-30 Effectiveness of risk management processes	p. 28 to 30
	Corruption and bribery	Measures taken to prevent corruption and bribery	GRI 103-2 Management Approach (with a view to GRI 205 Anti-Corruption)	p. 28 to 30
		Measures to combat money laundering	GRI 103-2 Management Approach (with a view to GRI 205 Anti-Corruption)	p. 29 and 30

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Contents of Law 11/2018 INF			Reference standard	Page Report
		Contributions to foundations and non-profit organizations	GRI 103-2 Management Approach (with a view to GRI 205 Anti-Corruption)	p. 31
Social outreach	Policies	Policies applied by the group, including due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and verification and control, as well as the measures that have been adopted.	GRI103-2 Management approach and its components GRI 103-3 Evaluation of management approach	p. 30 to 35
	Main risks	Key risks related to these issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that could have an adverse impact on these areas, and how the group manages these risks, explaining the procedures used to identify and assess them in accordance with national, European or international frameworks of reference for each subject matter. Information on the impacts that have been identified should be included, providing a breakdown of the impacts, in particular on the main short, medium and long-term risks.	GRI 102-15 Key impacts, risks, and opportunities	p. 30 to 35
		Impact of the company's activities on local employment and development	GRI 203-2 Significant Indirect Economic Impacts GRI 413-1 Operations with local community involvement, impact assessments, and development programs	p. 30 to 35
		Impact of the company's activities on local populations and the territory.	GRI 203-2 Significant Indirect Economic Impacts GRI 413-1 Operations with local community involvement, impact assessments, and development programs	p. 30 to 35
		Relationships maintained with local community stakeholders and the modalities of dialogue with them	GRI 102-43 Approach to Stakeholder Engagement (related to community)	p. 30 to 35

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			GRI 413-1 Operations with local community involvement, impact assessments, and development programs	
		Association and sponsorship actions	GRI 102-12 External initiatives	p. 31
	Subcontracting and suppliers	Inclusion of social, gender equality and environmental issues in the procurement policy.	GRI 103-3 Management Approach (with a view to GRI 308 and GRI 414)	p. 32 and 33
		Consideration in relations with suppliers and subcontractors of their social and environmental responsibility.	GRI 102-9 Supply Chain GRI 103-3 Management Approach (with a view to GRI 308 and GRI 414) GRI 414-1 New suppliers that have passed selection filters in accordance with social criteria GRI 414-2 Negative social impacts in the supply chain and actions taken.	p. 32 and 33
		Monitoring and auditing systems and audit results	GRI 414-2 Negative social impacts in the value chain and actions taken.	p. 32 and 33
	Consumers	Consumer health and safety measures	GRI 103-2 Management Approach (with a view to GRI 416 Customer Health and Safety) GRI 416-1 Assessment of health and safety impacts of product or service categories. GRI 416-2 Non-compliance cases related to health and safety impacts of product and service categories.	p. 33 and 34

Contents of the Statement of Non-Financial Information				
Contents of Law 11/2018 INF			Reference standard	Page Report
		Complaint systems, complaints received and their resolution	GRI 102-17 Mechanisms for ethical advice and concerns (complaints received and resolution) GRI 103-2 Management Approach (with a view to GRI 416 Customer Health and Safety) GRI 418-1 Substantial complaints regarding breaches of customer privacy and losses of customer data.	p. 33 and 34
	Tax information	Benefits obtained by country	GRI 207-4 Country-by-Country Reporting	p. 34 and 35
		Taxes on profits paid	GRI 207-4 Country-by-Country Reporting	p. 34 and 35
		Public subsidies received	GRI 201-4 Financial assistance received from the government	p. 34 and 35

Soltec POWER HOLDINGS

FORMULATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT REPORT

The board of directors of Soltec Power Holdings, SA, in compliance with current commercial regulations, has prepared on March 24, 2021 the consolidated financial statements and the consolidated management report of Soltec Power Holdings, SA (hereinafter, the Company parent) and subsidiaries (hereinafter, the Group) of the year 2020 following the format and labeling requirements established in the EU Delegated Regulation 2019/815 of the European Commission.

The members who make up the Company's board of directors hereby declare the aforementioned consolidated financial statements and the consolidated management report for the year 2020 signed unanimously, with a view to their verification by the auditors and subsequent approval by the general meeting of shareholders.

Mr. Raúl Morales Torres President of the Board of Directors	Mr. Fernando Caballero de la Sen Member of the Board of Directors
Ms. Nuria Aliño Pérez Member of the Board of Directors	Ms. María Sicilia Salvadores Member of the Board of Directors
Mr. José Francisco Morales Torres Member of the Board of Directors	Ms. Marina Moreno Dólera Member of the Board of Directors

Mr. Marcos Sáez Nicolás
Member of the Board of Directors

Ms. Silvia Díaz de Laspra
Secretary of the Board

Soltec Power Holdings, S.A. and subsidiaries

Independent Limited Assurance Report on the 2020 Consolidated Non-Financial Information Statement of Soltec Power Holdings, S.A. and subsidaries

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

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES FOR 2020

To the Shareholders of Soltec Power Holdings, S.A.,

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the accompanying Consolidated Non-Financial Information Statement ("the NFIS") for the year ended 31 December 2020 of Soltec Power Holdings, S.A. and subsidiaries ("the Group"), which forms part of the Group's Consolidated Directors' Report.

The content of the NFIS includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting, that was not the subject matter of our verification. In this regard, our review work was limited solely to verification of the information identified in the "Non-Financial Information Statement table of contents" in the NFIS.

Responsibilities of the Directors

The preparation and content of the NFIS included in the Group's Consolidated Directors' Report are the responsibility of the Board of Directors of Soltec Power Holdings, S.A. The NFIS was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected Global Reporting Initiative Sustainability Reporting Standards (GRI standards), as well as other criteria described as indicated for each matter in the "Non-Financial Information Statement table of contents" of the aforementioned NFIS.

These responsibilities of the Directors and Management also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the NFIS to be free from material misstatement, whether due to fraud or error.

The directors of Soltec Power Holdings, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants

(IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibilities

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our review work in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance obtained is substantially lower.

Our work consisted of making inquiries of management and the various units of the Group that participated in the preparation of the NFIS, reviewing the processes used to compile and validate the information presented in the NFIS, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Group personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external review.

- Analysis of the scope, relevance and completeness of the contents included in the 2020 NFIS based on the materiality analysis performed by the Group and described in the NFIS, taking into account the contents required under current Spanish corporate legislation

- Analysis of the processes used to compile and validate the data presented in the 2020 NFIS.

- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters presented in the 2020 NFIS.

- Verification, by means of sample-based tests, of the information relating to the contents included in the 2020 NFIS and the appropriate compilation thereof based on the data furnished by information sources.

- Obtainment of a representation letter from the directors and management.

Conclusion

Based on the procedures performed and the evidence obtained no additional matter has come to our attention that causes us to believe that the Consolidated Non-Financial Information Statement of Soltec Power Holdings, S.A. and subsidiaries for the year ended 31 December 2020 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the "Non-Financial Information Statement table of contents" of the aforementioned CNFIS.

Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.

Beatriz Martín Velázquez

30 March 2021

This report corresponds to seal no. 01/21/06767 issued by the Spanish Institute of Certified Public Accountants.