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

Consolidated financial statements for the financial years ended 31 December 2018 and 2017, together with Independent Auditors' Report

Deloitte.

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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 sole shareholder of Soltec Energías Renovables, S.L.U. at the request of the Parent’s sole director,

Opinion

We have audited the consolidated financial statements of Soltec Energías Renovables, S.L.U. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at 31 December 2018 and 2017, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows and explanatory notes to the consolidated financial statements for the years 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 2018 and 2017, and its consolidated results and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs).

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.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
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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 for the years ended 31 December 2018 and 2017. 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	**Procedures applied in the audit**
As detailed in Note 15-a to the accompanying consolidated financial statements, revenue relates mainly to the supply and installation of solar trackers. In this context, as indicated in Note 2.7-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. 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 context, certain unbilled revenue from the supply and installation of solar trackers was recognised in the consolidated statements of profit or loss for 2018 and 2017 because the Parent's sole director considered that the milestones for the recognition thereof had been met. We determined the cutoff of the revenue from the supply and installation of solar trackers, particularly the unbilled revenue at year-end, to be a key matter in our audit.	Our audit procedures to address this matter consisted of, among others, understanding the solar tracker supply and installation revenue recognition process in place at the Group. We also applied 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 and of the consistency of the revenue recognised with the amounts and time periods established in those contracts, as well as the review, on a selective basis, of the consistency of the amounts earned 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. Lastly, we evaluated whether the disclosures included in Notes 2.7-k and 15-a to the accompanying consolidated financial statements in connection with this matter were in conformity with those required by EU-IFRSs.

First-time application of EU-IFRSs

Description	Procedures applied in the audit
As detailed in Note 2.2 to the accompanying consolidated financial statements, the transition to the EUR-IFRSs was made in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards. The transition date was 1 January 2016 and these consolidated financial statements were prepared in accordance with all the accounting standards effective at 31 December 2018 and the early application of IFRS 16, Leases. In this context, as indicated in the aforementioned Note, Group management identified and quantified the main differences between the generally accepted accounting principles in Spain (the Spanish National Chart of Accounts/Rules for the Preparation of Consolidated Financial Statements) and the EU-IFRSs in force, and detected the additional disclosures to be provided in the consolidated financial statements. Due to their complexity, there is an inherent risk associated with the correct application of these standards, especially in relation to the impact of IFRS 16, as well as with the completeness of the additional disclosures required by EU-IFRSs and, therefore, we considered the first-time application of EU-IFRSs to be a key matter in our audit.	Our audit work to address this matter included the involvement of internal specialists in EU-IFRSs, as well as the performance of detailed procedures consisting of the review of the assessment of the applicability of each EU-IFRS in force conducted by Group management. For this purpose, it was verified that the standards that were effective at 31 December 2018 had been applied, including the early application of IFRS 16, in all the periods covered by these consolidated financial statements, and that, where appropriate, the corresponding transition rules had been applied. In relation to the correct calculation of the impact of application of IFRS 16, a review was performed of the assessment made by Group management in relation to the expense items that might involve the use of non-current assets owned by third parties, and whether or not they constituted a lease, as well as of the applicability of the voluntary exemptions included in the standard. In addition, for a sample taken in this connection, the contract was obtained and the main assumptions and estimates included in the IFRS 16 calculation engine were reviewed, especially the reasonableness of the incremental borrowing rate used and the estimate of the lease term. Also, for the aforementioned sample, we recalculated independently the amounts recognised. Lastly, we evaluated whether the disclosures included in explanatory Notes 2.2 and 2.3 to the accompanying consolidated financial statements in relation to the first-time application of EU-IFRSs were in conformity with those required by that framework, and that the consolidated financial statements included all the information required by EU-IFRSs.

Emphasis of Matters

As indicated in explanatory Note 2.1 to the accompanying consolidated financial statements for 2018 and 2017, those consolidated financial statements do not constitute the Group's statutory consolidated financial statements and are the first that the Parent's sole director has prepared in accordance with EU-IFRSs, in the framework of the potential flotation of its parent Soltec Power Holdings, S.A. On 30 July 2019 and 18 June 2018 we issued our auditor's reports on the Group's consolidated financial statements prepared in accordance with the Spanish National Chart of Accounts/the Spanish Rules for the Preparation of Consolidated Financial Statements for the years ended 31 December 2018 and 2017, respectively, in both of which we expressed an unqualified opinion.

Furthermore, we draw attention to Note 16 to the accompanying consolidated financial statements, which describes an uncertainty related to the result and the effects that, up to the date of formulation of the consolidated financial statements, had the recent worldwide outbreak of the COVID-19 on the Group operations. Given the relatively short time elapsed and the frequent uncertainties derived from this extraordinary health emergency situation, it is not possible to evaluate reliably all possible future effects that this fact could have in the Group's ability to recover the value of its fixed assets and face possible treasury tensions derived from this situation. Our opinion has not been modified in relation to these issues.

Responsibilities of the Parent's Sole Director for the Consolidated Financial Statements

The Parent's sole director is responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with the EU-IFRSs, and for such internal control as the sole director determines 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 sole director is 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 Parent's sole director either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix to this auditor’s report. This description, which is on pages 6 and 7, forms part of our auditor’s report.

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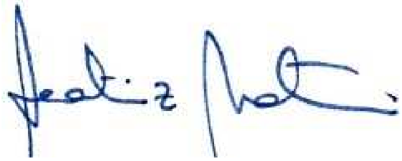

Beatriz Martín Velázquez
Registered in R.O.A.C under no. 18.539

30 April 2020

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 sole director.

- Conclude on the appropriateness of the use by the Parent's sole director 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 sole director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Parent's sole director, 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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SOLTEC ENERGÍAS RENOVABLES, S.L. AND SUBSIDIARIES

Consolidated financial statements as of 31 December 2018, 2017 and 2016 and 1 January 2016

ASSETS	Notes (1)	31/12/18	31/12/17	31/12/16 (*)	01/01/16 (*)
		Thousands of euros			
NON-CURRENT ASSETS					
Intangible assets	5	**1,245**	**1,297**	**1,250**	**1,173**
Development		957	917	939	1,030
Other intangible fixed assets		288	380	311	143
Property, plant and equipment	6	**5,095**	**4,818**	**4,346**	**2,884**
Land and buildings		2,314	2,130	1,748	1,217
Technical facilities and other tangible fixed assets		2,781	2,688	2,598	1,667
Right of use	7	**8,989**	**8,417**	**6,192**	**3,531**
Investments accounted for using the equity method	8	**-**	**-**	**388**	**416**
Non-current financial assets	9	**562**	**432**	**978**	**499**
Deferred tax assets	13	**1,466**	**245**	**90**	**352**
Total non-current assets		**17,357**	**15,209**	**13,244**	**8,855**
CURRENT ASSETS					
Non-current assets held for sale		**-**	**-**	**-**	**5,167**
Stock	10	**23,564**	**13,824**	**22,219**	**2,200**
Debtors and other current assets	9	**49,810**	**34,267**	**32,258**	**13,995**
Trade receivables for sales and services		49,780	34,207	32,164	13,967
Sundry debtors		30	60	94	28
Credits with Public Administrations		**10,516**	**6,200**	**2,959**	**545**
Current tax assets		1,194	551	-	-
Other credits with Public Administrations	13	9,322	5,649	2,959	545
Current financial assets	9	**5,249**	**6,900**	**1,418**	**777**
Other current financial assets		3,731	6,836	1,418	777
Derivatives		1,518	64	-	-
Other current assets		**446**	**316**	**609**	**61**
Cash and cash equivalents		**19,140**	**4,287**	**3,594**	**4,095**
Total current assets		**108,725**	**65,794**	**63,057**	**26,840**
TOTAL ASSETS		**126,082**	**81,003**	**76,301**	**35,695**

NET EQUITY AND LIABILITIES	Notes (1)	31/12/18	31/12/17	31/12/16 (*)	01/01/16 (*)
		Thousands of euros			
NET EQUITY	11				
Capital and reserves					
Share capital		824	824	1,000	1,000
Reserves		12,573	3,928	7,736	1,558
Exchange rate differences		(33)	252	179	-
Accumulated earnings		1,093	9,955	736	8,557
Net worth attributed to the Parent Company		**14,457**	**14,959**	**9,651**	**11,115**
Non-controlling interest		**(1)**	**(1)**	**60**	**-**
Total net worth		**14,456**	**14,958**	**9,711**	**11,115**
NON-CURRENT LIABILITIES					
Non-current Financial liabilities	9	**7,815**	**7,121**	**5,342**	**3,424**
Non-current debts payable to credit institutions		9	13	329	331
Other non-current financial liabilities		7,635	7,108	5,013	3,093
Derivatives		171	-	-	-
Non-current provisions		**44**	**248**	**129**	**194**
Deferred tax liabilities	13	**44**	**105**	**612**	**630**
Total non-current liabilities		**7,903**	**7,474**	**6,083**	**4,248**
CURRENT LIABILITIES					
Liabilities associated with non-current assets held for sale		**-**	**-**	**-**	**2,194**
Current financial liabilities	9	**70,541**	**41,389**	**30,745**	**10,317**
Current debts payable to credit institutions		69,060	38,473	29,285	9,398
Other current financial liabilities		1,242	2,916	905	750
Derivatives		239	-	555	169
Trade and other payables	9	**31,532**	**13,885**	**28,581**	**6,701**
Suppliers		29,809	3,603	14,235	3,525
Other creditors		1,723	10,282	14,346	3,176
Debts with Public Administrations		**1,650**	**3,291**	**1,173**	**1,113**
Current tax liabilities		488	1,308	355	706
Other accounts payable to public authorities	13	1,162	1,983	818	407
Current provisions		**-**	**6**	**8**	**7**
Total current liabilities		**103,723**	**58,571**	**60,507**	**20,332**
TOTAL EQUITY AND LIABILITIES		**126,082**	**81,003**	**76,301**	**35,695**

(*) Unaudited figures, included for comparative purposes only.

(1) Notes 1 to 16, together with Annex I, form an integral part of the consolidated financial statements as of 31 December 2018, 2017, 2016 and 1 January 2016.

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SOLTEC ENERGÍAS RENOVABLES, S.L. AND SUBSIDIARIES

Consolidated income statements for the financial years ended 31 December 2018, 2017 and 2016

	Notes (1)	Thousands of euros		
		2018	2017	2016 (*)
Revenue	**15**	**165,954**	**176,910**	**64,086**
Changes in stocks of finished and semi-finished products		**1,324**	**234**	**72**
Other operating income	**15**	**606**	**845**	**582**
Works carried out by the Group for its assets	**5**	**390**	**377**	**286**
Procurements	**15**	**(127,564)**	**(114,793)**	**(36,068)**
Personnel expenses	**15**	**(15,548)**	**(21,487)**	**(9,450)**
Other operating expenses	**15**	**(20,102)**	**(30,819)**	**(16,960)**
Amortisation and depreciation	**5,6,7**	**(2,220)**	**(1,916)**	**(1,612)**
Income from the sale of fixed assets and others		**(12)**	**(55)**	**(136)**
Other profit/loss	**2**	**209**	**3,802**	**(65)**
Operating Income		**3,037**	**13,098**	**735**
Financial income		**4**	**295**	**10**
Finance costs	**15**	**(2,358)**	**(1,656)**	**(991)**
Changes in the fair value of financial instruments		**1,317**	**1,040**	**(555)**
Net exchange rate differences	**3.3**	**(3,047)**	**(4,239)**	**1,039**
Other net finance revenue / expenses		**-**	**-**	**(221)**
FINANCIAL INCOME		**(4,084)**	**(4,560)**	**(718)**
Share of profit/(loss) investments valued using the equity method	**8**	-	2,358	109
PRE TAX PROFIT		**(1,047)**	**10,896**	**126**
Income tax	**13**	911	(2,248)	(696)
CONSOLIDATED INCOME FOR THE PERIOD/FINANCIAL YEAR		**(136)**	**8,648**	**(570)**
Income attributed to the Parent Company		(136)	8,649	(570)
Income attributed to non-controlling interests		-	(1)	-

(*) Unaudited figures, included for comparative purposes only.

(1) Notes 1 to 16, together with Annex I, form an integral part of the consolidated income statements for the financial years ended 31 December 2018, 2017 and 2016.

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SOLTEC ENERGÍAS RENOVABLES, S.L. AND SUBSIDIARIES

Consolidated comprehensive income statements for the financial years ended 31 December 2018, 2017 and 2016

	Notes (1)	Thousands of euros		
		2018	**2017**	**2016 (*)**
CONSOLIDATED INCOME FOR THE FINANCIAL YEAR (I)		**(136)**	**8,648**	**(570)**
Items that cannot be reclassified into the income for the financial year		**-**	**-**	**-**
Items that can be reclassified into the income for the financial year		**(285)**	**72**	**180**
- Exchange rate differences		(285)	72	180
OTHER CONSOLIDATED COMPREHENSIVE INCOME (II)		**(285)**	**72**	**180**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (I + II)		**(421)**	**8,720**	**(390)**
Total comprehensive income attributed to the Parent Company		(421)	8,721	(390)
Total comprehensive income attributed to non-controlling interest		-	(1)	-

(*) Unaudited figures, included for comparative purposes only.

(1) Notes 1 to 16, together with Annex I, form an integral part of the comprehensive consolidated comprehensive income statements for the financial years ended 31 December 2018, 2017 and 2016.

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SOLTEC ENERGÍAS RENOVABLES, S.L. AND SUBSIDIARIES

Total consolidated statement of changes in net worth for the financial years ended 31 December 2018, 2017 and 2016

	Thousands of euros					
	Social capital	Reserves	Accumulated earnings	Exchange rate differences	Non-controlling interest	TOTAL
INITIAL ADJUSTMENT BALANCE OF THE 2016 FINANCIAL YEAR (*)	**1,000**	**1,558**	**8,557**	**-**	**-**	**11,115**
Total consolidated comprehensive income for the financial year	**-**	**-**	**(570)**	**180**	**-**	**(390)**
Other changes in net worth	**-**	**6,178**	**(7,251)**	**(1)**	**60**	**(1,014)**
Distribution of income for the financial year	-	7,343	(7,251)	-	-	92
Sale of subsidiary company interests and credits (Note 11.2)	-	(1,165)	-	-	60	(1,105)
Other changes	-	-	-	(1)	-	(1)
CLOSING BALANCE OF THE 2016 FINANCIAL YEAR (*)	**1,000**	**7,736**	**736**	**179**	**60**	**9,711**
INITIAL ADJUSTMENT BALANCE OF THE 2017 FINANCIAL YEAR (*)	**1,000**	**7,736**	**736**	**179**	**60**	**9,711**
Total consolidated comprehensive income for the financial year	**-**	**-**	**8,649**	**72**	**(1)**	**8,720**
Transactions with shareholders or owners	**(176)**	**(3,227)**	**-**	**-**	**(60)**	**(3,463)**
Capital increase/(reduction)	(176)	-	-	-	-	(176)
Dividends paid	-	(3,370)	-	-	-	(3,370)
Other transactions with shareholders and owners	-	143	-	-	(60)	83
Other changes in net worth	**-**	**(581)**	**570**	**1**	**-**	**(10)**
Distribution of income for the financial year	-	(476)	570	-	-	94
Other changes	-	(105)	-	1	-	(104)
CLOSING BALANCE OF THE 2017 FINANCIAL YEAR	**824**	**3,928**	**9,955**	**252**	**(1)**	**14,958**
INITIAL ADJUSTMENT BALANCE OF THE 2018 FINANCIAL YEAR	**824**	**3,928**	**9,955**	**252**	**(1)**	**14,958**
Total consolidated comprehensive income for the financial year	**-**	**-**	**(136)**	**(285)**	**-**	**(421)**
Other changes in net worth	**-**	**8,645**	**(8,726)**	**-**	**-**	**(81)**
Distribution of income for the financial year	-	8,716	(8,649)	-	-	67
Other changes	-	(71)	(77)	-	-	(148)
2017 CLOSING BALANCE	**824**	**12,573**	**1,093**	**(33)**	**(1)**	**14,456**

(*) Unaudited figures, included for comparative purposes only.

(1) Notes 1 to 16, together with Annex I, form an integral part of the changes in consolidated net worth statements for the financial years ended 31 December 2018, 2017 and 2016.

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SOLTEC ENERGÍAS RENOVABLES, S.L. AND SUBSIDIARIES

Consolidated cash flow statements of the financial years ended 31 December 2018, 2017 and 2016

		Thousands of euros		
	Notes (1)	**2018**	**2017**	**2016 (*)**
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**(12,641)**	**(4,935)**	**(19,117)**
Pre-tax financial year income		**(1,047)**	**10,896**	**126**
Adjustments to income		**5,807**	**(2,141)**	**2,232**
Amortisation and depreciation	**5,6,7**	2,220	1,916	1,612
Losses, impairment and changes in provisions for commercial operations		81	338	(13)
Changes in provisions		(208)	118	-
Gains/Losses on derecognition and disposal of fixed assets		12	55	136
Income from the loss of control of interests		-	(6,446)	-
Financial income		(4)	(295)	(10)
Finance costs	**15**	2,358	1,656	991
Changes in the fair value of financial instruments		(1,317)	(1,040)	555
Exchange differences		2,665	1,557	(1,039)
Changes in working capital		**(13,869)**	**(10,634)**	**(19,936)**
Stock		(9,741)	8,395	(20,019)
Trade and other receivables		(21,129)	(6,137)	(20,690)
Creditors and other accounts payable		17,129	(13,102)	20,266
Other assets and liabilities		(128)	210	507
Other cash flows from operating activities		**(3,532)**	**(3,056)**	**(1,539)**
Interest paid		(1,909)	(1,383)	(812)
Interest revenue		50	295	10
Income tax collections/ (payments)		(1,900)	(2,452)	(737)
Other collections/(payments) from operating activities		227	484	-
CASH FLOWS FROM INVESTING ACTIVITIES (II)		**1,419**	**528**	**(2,599)**
Payments relating to investment		**(1,711)**	**(2,399)**	**(4,844)**
Property, plant and equipment, and intangible fixed assets	**5.6**	(1,571)	(2,133)	(3,665)
Other financial assets		(140)	(266)	(1,179)
Collections relating to divestments		**3,130**	**2,927**	**2,245**
Group and associated companies and business units		-	2,403	1,976
Property, plant and equipment, and intangible assets		15	462	269
Other financial assets		3,115	62	-
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**26,255**	**5,161**	**21,215**
Collections and (payments) from equity instruments		**-**	**-**	**-**
Issuance		-	-	-
Collections and (payments) from financial liability instruments		**26,255**	**8,531**	**21,215**
Issuance		68,955	40,237	30,078
Repayment and amortisation		(42,700)	(31,706)	(8,863)
Dividends and returns on other equity instruments paid		**-**	**(3,370)**	**-**
EFFECT OF EXCHANGE RATE VARIATIONS (IV)		**(180)**	**(61)**	**-**
NET INCREASE/(DECREASE) OF CASH AND EQUIVALENTS (I+II+III+IV)		**14,853**	**693**	**(501)**
Cash and equivalents at start of the period		**4,287**	**3,594**	**4,095**
Cash or equivalents at the end of the financial year		**19,140**	**4,287**	**3,594**

(*) Unaudited figures, included for comparative purposes only.

(1) Notes 1 to 16, together with Annex I, form an integral part of the consolidated cash flow statements of the financial years ended 31 December 2018, 2017 and 2016.

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

Explanatory notes to the consolidated financial statements for the financial years ended 31 December 2018 and 2017

1. General information

Soltec Energías Renovables, S.L.U. (hereinafter, "Soltec" or the "Parent Company") and subsidiaries (hereinafter, the "Soltec Group" or the "Group") form a consolidated group of companies which carry out their business activity in the sector of renewable energy, particularly in the photovoltaic sector.

The Parent Company was incorporated in Murcia (Spain) in February 2004 in accordance with the Capital Companies Law. Its registered office is located at Calle Gabriel Campillo s/n, Polígono Industrial La Serreta, 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 and India.

In accordance with its by-laws, the corporate purpose of the Parent Company is the installation, marketing and management of equipment for renewable energies, of photovoltaic, thermal, wind or any other solar panel which precedes or is consistent with what has been described. In this sense, the main activity of the Parent Company is the installation and marketing of photovoltaic solar trackers, mainly in Spain, Brazil, the United States and Mexico.

As of 31 December 2018, the Parent Company was part of a larger commercial group whose parent company was Grupo Corporativo Sefran, S.L. (previously known as Bari Inversiones y Desarrollos, S.L.), with registered office at Calle Magallanes, plot 181, Polígono Industrial La Estrella, Molina de Segura (Murcia), whose corporate purpose is the acquisition, possession, use and administration of transferable securities of any type which grant equity in companies.

The consolidated annual accounts of the Grupo Corporativo Sefran, S.L. 2018 financial year were drafted by the sole director of said company on 31 March 2019, those of the 2017 financial year were drafted on 31 March 2018 (those of 2016 were drafted on 31 March 2017). Subsequently, the consolidated annual accounts for the 2018 financial year were approved at the universal annual general meeting of Grupo Corporativo Sefran, S.L. partners, held on 30 June 2019, those of 2017 were approved on 30 June 2018 (those of the 2016 financial year were approved on 30 June 2017), and all of them recorded in the Commercial Registry of Murcia.

As of the current date, and after the corporate restructuring described in note 16, the Parent Company has become a subsidiary of Soltec Power Holdings, S.A., which in turn has been integrated in the same way into the parent trading group, whose parent company continues to be Grupo Corporativo Sefran, S.L. Therefore, as of the date of preparation of these financial statements, the Parent Company is wholly owned by Soltec Power Holdings, S.A., which acts as sole shareholder, so the Company is subject to the regime of sole proprietorship, as established in Article 13 of the Reviewed Wording of the Capital Companies Law. As of the date of preparation, the Parent Company is in the process of registering for said trading regime and is within the established legal term. Said regime stipulates the obligation for the Parent Company, among other aspects, to include in the report on the consolidated financial statements a breakdown of the contracts held with its sole partner. In this sense, in the financial years ended 31 December 2018 and prior thereto, it did not engage in any contracts, operations or balances as its sole shareholder had not been incorporated (see note 16).

As of 31 December 2018, the Group was formed of 11 companies: Soltec Energías Renovables, S.L.U. as the Parent Company and 10 subsidiaries. As of 31 December 2017, the Group was made up of 9 companies (8 companies as of 31 December 2016): Soltec Energías Renovables, S.L.U., as Parent Company (also as of 31 December 2016) and 8 dependent companies (7 subsidiaries as of 31 December 2016). There were no investments in associated companies accounted for using the equity method as of 31 December 2018 or 2017 (3 companies as of 31 December 2016). Information regarding subsidiaries which are part of the consolidation scope is detailed in Annex I of these consolidated financial statements.

The consolidated annual accounts of the Soltec Group for the 2018 financial year, prepared under accounting principles which are generally accepted in Spain (PGC/NFCAC), were drafted by the sole director of the Parent Company on 29 March 2019. The consolidated annual accounts of the 2017 financial year, prepared under PGC/NFCAC, were drafted on 31 March 2018 (the consolidated annual accounts of 2016, prepared under PGC/NFCAC, were drafted on 31 March 2017). Meanwhile, the consolidated annual accounts for the 2018, 2017 and 2016 financial years were approved by the universal annual general meeting of Soltec Energías Renovables, S.L.U. partners (said partners being Grupo Corporativo Sefran, S.L. and Valueteam, S.L.), held on 30 June 2019, 2018 and 2017, respectively.

On 23 of April 2020, the sole director of Soltec approved these Group consolidated financial statements.

None of the companies which make up the Group have issued public debt or have securities listed on a secondary market.

2. Significant accounting policies

2.1 Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS-EU"), in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002, effective as of 31 December 2018.

In all previous years and in the year ended 31 December 2018, the Group prepared its consolidated annual accounts in accordance with PGC/NFCAC. These consolidated financial statements for the financial years ended 31 December 2018 and 31 December 2017 are the first which the Group has prepared in accordance with IFRS-EU. See note 2.2 for more information on how the Group has adopted the IFRS-EU.

The consolidated financial statements have been prepared according to the historical cost criteria, except in the case of certain financial assets and instruments which are valued at their fair value at the end of each financial year, as explained in the section on valuation standards below.

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

The consolidated financial statements are presented in thousands of euros, unless otherwise indicated.

2.2 First application of IFRS-EU

The transition to IFRS-EU has been carried out in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards", with 1 January 2016 as the transition date. The Group has prepared these consolidated financial statements for the financial years 2018 and 2017 in compliance with the IFRS-EU regulations applicable to the year ended 31 December 2018, together with the data for the comparative year ended 31 December 2016. In preparing the consolidated financial statements, the opening consolidated financial statement has been prepared as of 1 January 2016, the date of the Group's transition to IFRS-EU.

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In this regard, given that the Group has prepared these consolidated financial statements applying all accounting standards in effect as of 31 December 2018, including IFRS 15 "Revenue from Contracts with Customers", the group has decided to apply IFRS 16 "Leases" in advance, on the date of the Group's transition to IFRS-EU, with this becoming mandatory for the financial years beginning from 1 January 2019 onwards.

This note explains the main differences made by the Group in preparing its consolidated financial statements under IFRS-EU, which were previously expressed in accordance with the accounting principles generally accepted in Spain.

Exemptions applied

IFRS 1 requires companies adopting IFRS-EU for the first time to retroactively apply all IFRS-EU in force on the date of the last financial-year closing filed (31 December 2018, in the case of the Group). However, optional exemptions are allowed in certain areas with respect to some IFRS-EU requirements, as well as certain mandatory exceptions to the retroactive application of IFRS-EU.

The Group has applied the following exemptions:

- Both the "Intangible Assets" and "Property, plant and equipment" can be valued at fair value or at attributed cost, which is to be understood as the acquisition cost adjusted for the accumulated depreciation and any impairments made, if applicable. The Group has chosen, from the options included in the IFRS-EU, to register the aforementioned assets using the attributed cost method. Additionally, the attributed value of the "Intangible Assets" and "Property, plant and equipment" as of 1 January 2016, has been taken as the book value that the assets held under PGC/NFCAC, as the sole director of the Parent Company considers that the book value of said assets resembles their fair value.

- The amount of the "Exchange rate differences" accumulated for all operations abroad is considered to be zero as of 1 January 2016, transferring the amount accumulated at that date to the "Reserves" heading of the consolidated financial statement. Consequently, in the case of transfer of an investee company, the consolidated income statement would only include the exchange rate differences generated after the aforementioned date.

Estimates

The estimates as of 31 December 2018, 2017 and 2016 and 1 January 2016 are consistent with those made for those same dates in accordance with the Spanish PGC/NFCAC.

Reconciliation of the consolidated financial statements under PGC/NFCAC to IFRS-EU

The following shows the reconciliation of the Group consolidated financial statements as of the date of first application (1 January 2016) and as of 31 December 2018:

<u>Reconciliation of consolidated equity under PGC/NFCAC compared to that calculated under IFRS-EU as of 31 December 2018 and 1 January 2016</u>

		Thousands of euros	
	Note	31/12/18	01/01/16
Consolidated equity under PGC/NFCAC		**14,798**	**11,208**
Adjustments to consolidated equity:			
Advance application of IFRS 16	a)	(241)	-
Research expenses	b)	(101)	(92)
Subtotal – Adjustments to consolidated equity		(342)	(92)
Consolidated equity under IFRS-EU		**14,456**	**11,116**

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Reconciliation of the consolidated comprehensive income statement under PGC/NFCAC compared that drafted under IFRS-EU for the financial year ended 31 December 2018

	Thousands of euros	
	Note	31/12/18
Total consolidated comprehensive income under PGC-NFCAC		**(366)**
Adjustments to the consolidated income of the financial year:		(55)
Advance application of IFRS 16	a)	(87)
Research expenses	b)	32
Adjustments to other consolidated comprehensive income		-
Total consolidated comprehensive income under IFRS-EU		**(421)**

Reconciliation of the consolidated cash flow statement under PGC/NFCAC compared that drafted under IFRS-EU as of 31 December 2018

The requirements related to the presentation of items making up the consolidated cash flow statement under PGC/NFCAC do not differ significantly from the requirements under IFRS-EU, except in the advance application of IFRS 16 (note a).

Explanation of the reconciliation differences

The main differences between Soltec Group consolidated annual accounts as of 31 December 2018, drafted in accordance with PGC/NFCAC, and these consolidated financial statements prepared under IFRS-EU, are as follows:

a) Early application of IFRS 16: According to IFRS 16, a right-of-use asset and a financial liability will be recognised in certain lease agreements, which under PGC/NFCAC would have been accounted for as a lease expense. Additionally, in the consolidated cash flow statement, payments relating to lease instalments, which under PGC/NFCAC were presented within the cash flows of operating activities, have been classified in the cash flows of investment activities under IFRS-EU, for 1,137 thousand euros. See note 2.7 f).

IFRS 16 implementation strategy

The Group established a global project with the aim of adapting its processes to the new accounting standard for lease agreements. For this, a detailed analysis of the different expenditure items which make up the consolidated income statement was carried out in order to identify those which involve the use of equipment owned by third parties. Once these expenditure items which may be affected were identified, the associated suppliers were identified, the related contracts were classified by type and the most significant contracts of each type were obtained. Then, the identification analysis for the existence of leases was carried out for the selected contracts of each type. The process was structured as follows:

- The question of whether the contracts of each type constituted a lease or not was concluded.
- If so, it was verified whether said type fell within the exceptions to the scope of IFRS 16's application or within the voluntary exemption for intangible assets provided for in the standard.
- For the resulting contract population, a database was constructed with the fields necessary to perform the calculations corresponding to IFRS 16.

Once the population was identified, the corresponding meetings were held in order to determine how to calculate the incremental interest rate (which is the rate required by the standard for transition under the amended retrospective model), which has been calculated in taking the risk-free rate of the country of question (in order to take into account the economic circumstances of

each country and the currency effect, as IFRS 16 establishes) and making the appropriate adjustments to reflect the duration of the lease and type of underlying asset, and adding the risk differential applicable to the company in question.

With all this, the accounting policy document has been updated in order to establish that:

- The Group will benefit from exemptions from short-term contracts and low-value assets.

- In general, given the type of leased assets, the exercise of extensions that may be included in the contract, where appropriate, is not reasonably considered certain, and as such the lease term will be the contractual minimum as established in the contract, except in the case of certain land and buildings in which rights of tacit extension exist. In these cases, in line with the recent discussions of the International Financial Reporting Standards Interpreting Committee (IFRSIC), the lease period has been extended in order to align it with the depreciation period of investments made, since the anticipated exercise of the Group's option to not renew the contract would entail economic damage associated with the depreciation of said investments.

b) Research expenses: According to PGC/NFCAC, research expenses may be capitalised as intangible assets under certain conditions. According to IFRS-EU, payments related to research (of an external or internal project) will be an expense of the financial year in which they are incurred (their capitalisation as intangible assets is prohibited). In this sense, the intangible assets (at their net book value), as well as the amortisation and works carried out for the fixed assets included in the consolidated financial statement and in the consolidated income statement, respectively, have been written off.

c) R&D deductions: In relation to the accounting treatment of Group R&D deductions, both the International Accounting Standard (IAS) 12 (which, in paragraph 4, regulates accounting for corporate tax) and the IAC 20 (which, in paragraph 2.b, regulates the accounting record of official subsidies) exclude the specific accounting record applicable to investment tax credits from their respective scopes. In this regard, IAS 20.19 indicates the possibility that the concept of subsidy exists in certain tax credit fiscal packages and recognises that it can sometimes be complex to distinguish whether a subsidy component underlies within an economic transaction, and what its characteristics may be. The lack of regulatory precision, in both IAS 12 and IAS 20, with regard to investment tax credits makes it necessary for the Group to examine the existing situations, on a case-by-case basis, to determine the accounting standard which reasonably applies in each case. As a result of this review, the Group considers that there are cases in which the deduction is directly linked to the investment in an asset, based on the concept of government assistance through fiscal policy, which reinforces its subsidy nature for accounting purposes. In this way, it is considered that such treatment, as a subsidy, more faithfully reflects the economic reality of the transaction. In these cases where it is concluded, through analysis adapted according to the project, that the R&D deductions are a condition in the investment's decision-making, the Group records the revenue in accordance with IAS 20, recognising this amount as "Other operating revenue" within the consolidated income statement. On the other hand, in those cases in which the aforementioned requirements are not met, the Group considered that both the deductions of Art. 35 of the Corporate Tax Law, and those of Art. 39 of the Corporate Tax Law are within the scope of IAS 12, being registered as “Income Tax”, in the same way as this was registered under PGC/NFCAC. That is to say, that based on the criteria set forth, certain amounts are reclassified within the consolidated income statement, under IFRS-EU, with no effect on equity. The amount of research expenses capitalised as intangible assets under PGC/NFCAC in 2016, 2017 and 2018 is of little significance.

d) Others: In addition to the aforementioned differences, there are other non-significant differences between PGN/NFCAC and IFRS-EU, such as the presentation of certain deferred tax assets and liabilities by net, in the consolidated financial statement.

Meanwhile, the application of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" has not had a significant impact on the preparation of these consolidated financial statements.

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In the context of the first-time application of IFRS-EU, certain items have been grouped to facilitate their understanding.

2.3 Application of new standards

On the date of these consolidated financial statements' preparation, the following standards and interpretations had been published by the *International Accounting Standards Board* ("IASB"), but had not yet entered into force, either because their effective date is later than the date of the consolidated financial statements, or because they have not yet been adopted by the European Union:

New Standards, Amendments and Interpretations		Compulsory Application in Annual Financial Years Beginning from
Approved for its use in the European Union:		
Amendment to IFRS 9 "Prepayment Features with Negative Compensation" (published in October 2017).	The amendment allows companies to measure financial assets, prepaid with negative compensation at amortised cost or fair value through other comprehensive income if a specific condition is met; instead of carrying this out at fair value with profit or loss.	1 January 2019
IFRIC 23 "Uncertainty over Income Tax Treatments" (published in June 2017).	This interpretation clarifies how to apply the registration and valuation criteria of IAS 12 when there is uncertainty regarding the tax-authority acceptability of a specific tax treatment used by the entity.	1 January 2019
Amendment to IAS 28 "Investments in Associates and Joint Ventures" (published in October 2017).	The amendment clarifies that companies account for long-term interests in an associate or joint venture, to which the equity method does not apply, using IFRS 9.	1 January 2019
Improvements to the IFRS 2015-2017 Cycle (published in December 2017).	Minor modifications to a series of regulations (different effective dates, one of them being 1 January 2018).	1 January 2019
Amendment to IAS 19 "Plan Amendment, Curtailment or Settlement" (published in February 2018).	Clarifies how to calculate the cost of the service for the current period and the net interest for the remainder of an annual period when there is an amendment, curtailment or settlement of a defined benefit plan.	1 January 2019

New Standards, Amendments and Interpretations		Compulsory Application in Annual Financial Years Beginning from
Not approved for use in the European Union (date of first application according to IASB)		
Amendments to References to the Conceptual Framework (published in October 2018).	Clarification of references to the Conceptual Framework in certain international standards.	January 1, 2020
Amendment to IFRS 3 "Definition of a Business".	Clarifications of the definition of a business.	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material" (published in October 2018).	Amendments to IAS 1 and IAS 8 to align the definition of material with that contained in the conceptual framework.	January 1, 2020
"Interest Rate Benchmark Reform" (amendments to IFRS 9, IAS 39 and IFRS 7) (published in September 2019).	The reform amends 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 the reform of the interest rate benchmark.	January 1, 2020
IFRS 17 "Insurance Contracts" (published in May 2017).	It replaces IFRS 4. It includes the principles of registration, valuation, presentation and breakdown of insurance contracts.	1 January 2021

The Group believes that the application of the standards, amendments and interpretations indicated above will not have a significant impact on the consolidated financial statements for the financial year of first application.

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2.4 Functional and presentation currency

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

The consolidated financial statements of the Group are presented in Euros, which is the functional and presentation currency of the Parent Company. Transactions in currencies other than the functional are considered operations in foreign currency (see note 2.7. i)).

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 in each of the subsidiaries, the Group considers the main economic environment in which they operate, i.e. the one in which they are financed and generate and use the cash. In this regard, to determine the functional currency, the Group considers the following factors:

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

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

In this way, given the variability of the currency that influences the sales prices of supply and installation in each of the subsidiaries depending on the type of customer and contract, it is considered that the currency that fundamentally influences costs is the currency of reference to determine the functional currency.

The Group has a subsidiary in Argentina which was established at the end of 2018 with an insignificant weight in the consolidated financial statements. The economic environment of Argentina, particularly with regard to the accumulated inflation of the last three years which has exceeded 100%, means that the economy of that country has, retroactively since 1 January 2018, been considered as hyper-inflationary on 1 July 2018. Consequently, the sole director of the Company has reviewed its policy of presenting the equity effects of the hyperinflation situation, concluding that the impact is not material, and as such said impact has not been included in the consolidated financial statements.

2.5 Comparison of information

As required by IAS 1 "Presentation of Financial Statements", the information contained in these consolidated financial statements referring to the 2018 and 2017 financial years is presented, for comparative purposes, with the information relating to the 2016 financial year. As described in note 2.2., in preparing the consolidated financial statements, the opening financial statement has been prepared as of 1 January 2016, the date of the Group's transition to IFRS-EU.

The consolidated financial statements of the 2016 financial year (unaudited) are included for comparative purposes only and have also been prepared in accordance with the provisions of IFRS-EU, in a manner consistent with the 2018 and 2017 financial years.

There have been no changes in accounting criteria that affect the 2018 and 2017 financial years. Likewise, there have been no significant corrections of errors corresponding to previous financial years, nor have there been significant changes in accounting estimates which affect said financial years or which may affect future financial years.

2.6 Significant estimates and judgments

When applying the Group's accounting policies, as described in note 2.7, the sole director has to make use of value judgements, estimates and assumptions regarding the carrying amount of the assets and liabilities that cannot be directly determined using other sources. Related estimates and assumptions

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are based on experience and other factors considered relevant. Actual results may differ from those estimates.

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

The following are the main criteria and estimates used by the sole director when applying the Group's accounting policies:

- Useful life of intangible fixed assets and elements of property, plant and equipment (see notes 2.7. c) and d)).

- Evaluation of possible impairment losses of certain non-financial assets (see note 2.7. e)).

- Calculation of the provision of guarantees (see note 2.7. m)).

- Measurement of progress in revenue recognition (see note 2.7. k)).

- Lease period (see note 2.7. f)).

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

As indicated in notes 2.7. c) and d), the Group reviews the estimated useful life of intangible fixed assets and elements of property, plant and equipment at the close of each financial year. In the preparation of the consolidated financial statements, the sole director has determined that the useful lives were correctly calculated, and no changes have been made to them.

Evaluation of possible impairment losses on certain non-financial assets

There is impairment when the book value of an asset or cash-generating unit exceeds its recoverable amount (the latter will be the higher between the fair value less sale costs and the use value). The calculation of fair value, less sale costs, is based on the available data on sales operations carried out at current market prices for similar assets or at the observed market prices less incremental costs of the asset's transfer. The use value 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.

Calculation of the provision of 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, as a result of said facts and circumstances, the degree of probability of resources resulting in the recognition of a provision in the Group's consolidated financial statements.

Measurement of progress in revenue recognition

Revenue from contracts for the provision of services is principally recognised 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 recognised to the limit of that for which a significant reversal in the future is highly likely not to occur.

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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 tasas, provisions, period of execution and recovery of claims related to the contract.

Lease period

The lease period is the non-cancellable period of the lease, in addition to (i) the period covered by an option to extend the lease, provided there is reasonable certainty that this will be exercised; and (ii) the periods covered by an option to cancel the lease, provided that there is reasonable certainty that this will not be exercised.

The sole director of the Parent Company considers that the evaluation of the lease period is a critical estimate and key data for calculating the lease liability amount. This is because the lease period determines which lease payments are included in the valuation of the lease liability. Therefore, when determining the lease period, the sole director of the Parent Company considers all the relevant facts and circumstances which generate an economic incentive to exercise or waive renewal and early cancellation options.

The sole director of the Parent Company regularly reviews the lease period in case any changes have arisen.

2.7 Valuation standards

2.7.a Principles of consolidation: subsidiaries and associated companies

i. Subsidiaries

The consolidated financial statements are composed of the Parent Company and the companies which it controls. 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; and
- has the ability to use its control over the investee to influence the amount of the investor's returns.

The Parent Company evaluates whether it controls 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 has less than the majority of an investee's voting rights, it is considered to have power over the investee when the voting rights are sufficient to grant it the ability to unilaterally direct the relevant activities of the investee (as of 31 December 2018 and 2017 these circumstances have not arisen). The Parent Company considers all the facts and circumstances to assess whether the voting rights of the Company are sufficient to grant it power, 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 that indicate that the Company has, or has not, the present capacity to direct the relevant activities at the moment in which those decisions must be made, including voting behaviour patterns at previous shareholder meetings.

The consolidation of a subsidiary begins when the Company acquires control of it, and it is excluded from consolidation on the date on which the Company ceases to do so. The subsidiaries are consolidated using the full consolidation method. This method requires the following:

1. **Temporal homogenisation**. 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 into or leaves the Group, the income statement, the statement of changes of equity and the statement of individual cash flows to be included in the consolidation must be referred only to the part of the financial year in which said company has been part of the Group.

2. **Valuation homogenisation**. The elements of assets and liabilities, the revenue and expenses, and other items of the consolidated annual statements of the Group companies were valued according to uniform methods. Those elements of assets or liabilities, or those items of revenue or expenses which have been valued according to non-uniform criteria, with 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 homogenised individual financial statements are aggregated according to their nature.

4. **Elimination of investment-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 equity items of the aforementioned subsidiary company attributable to said interests, generally based on the amounts deriving from the application of the acquisition method described above. In consolidations subsequent to the financial 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 interests 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, that is to say, any difference will be recognised directly in the equity.

5. **Non-controlling interests.** The valuation of non-controlling interests is carried out based on their effective interest in the 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 equity which proportionally corresponds to them is attributed to the latter, even when this entails a debtor balance under said 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 the internal operations is eliminated and deferred until it is carried out with parties unrelated to the Group.

   The companies which form part of the scope of consolidation of these consolidated financial statements, as well as their main characteristics, are detailed in Annex 1 of the consolidated financial statements.

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ii. Associated entities

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

The income, assets and liabilities of the associated entities are included in these consolidated financial statements, applying the equity method.

When the equity method is applied for the first time, the interest in the company is valued by the amount which the investment percentage represents in the equity of the Group, after adjusting their net assets to their fair value at the date of the significant influence's acquisition. 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 equity of the investee since the initial valuation, once the proportion of unrealised income generated in transactions between said company and Group companies has been eliminated.

Changes in the value of the interest corresponding to the investee's financial 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 recognised 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 a goodwill which is included in the item "Investments accounted for using the equity method". In the exception case that the difference between the amount at which the investment is accounted for 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 account of consolidated income, after having reassessed the assignation 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 recognise 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 less sale costs) with its carrying amount. Any impairment loss that has been recognised is part of the carrying amount of the interest. Reversals of this impairment loss are recognised in accordance with IAS 36, to the extent that the recoverable amount of the investment is subsequently increased.

If the transfer an associated company would result in the loss of the status of an associated company, any remaining percentage of interest would be measured at its fair value on the date of transfer, and fair value will be 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 recognised in the consolidated comprehensive income statement in relation to that associated company are accounted for by the Group according to the same criteria as if said associated company had directly transferred the related assets or liabilities. Therefore, if a loss or gain previously recognised in the consolidated comprehensive income statement is reclassified to the consolidated income statement 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 income statement (as a reclassification adjustment) when the associated company status is lost.

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.

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When there is a reduction of interest in the associated company, but without the loss of said condition, the new investment will be valued at the amounts corresponding to the percentage of interest retained, with the proportion of loss or gain recognised in other comprehensive income relating to the interest's reduction being reclassified to the consolidated income statement if the loss or gain would have been reclassified to the consolidated income statement in the transfer of said assets or liabilities.

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

iii. Variations in the scope of consolidation and in associated entities

During the 2018 financial year, the Group formalised a capital increase in Soltec Trackers PVT Private Limited, which involved the disbursement of 218 thousand euros for shares of a nominal value of 10 rupees. At the end of 2018 financial year, the interest had been fully paid out.

During the 2017 financial year, the Parent Company sold all of its interests in the Seguidores Solares Planta 2, S.L. subsidiary company (hereinafter, SP2), for which the Parent Company sold 84.98% of its ownership to the company Enel Green Power España, S.L.U. (hereinafter, Enel). Under said agreement, Enel acquired the entirety of SP2 interests for a total amount of 5,311 thousand euros, of which, according to its interest percentage, 4,513 thousand euros corresponded to the Parent Company. This amount included short-term loans from the Parent Company to SP2 for an amount of 415 thousand euros. The sale of these interests generated a profit of 4,087 thousand euros, recorded in the "Other income" section of the attached consolidated income statement for the 2017 financial year. The contract rendered the payment of said amount conditional on the completion of various milestones relating to the installation of a photovoltaic solar park on a land in the municipality of Totana (Murcia), for which, as of 31 December 2017, 4,123 thousand euros were pending payment (see note 9). The sole director of the Parent Company recorded said account receivable at its nominal value, considering that this did not differ significantly from its amortised cost.

In the 2017 financial year, this investee's loss of control resulted in, with respect to the same significance which it contributed in the 2016 financial year, lower assets amounting to 397 thousand euros, lower liabilities of 352 thousand euros and a higher equity amounting to approximately 45 thousand euros, with the impact on the Group's income not being significant.

Additionally, during the 2017 financial year, the liquidation and/or sale of the associated companies in which the Parent Company had a significant influence took place. This removal from the scope represented a profit of 2,361 thousand euros (see note 8). This income was recorded under "Share of profit/loss investments valued using the equity method".

During the 2016 financial year, the Parent Company sold all shares in the Solluz PVX, S.L. subsidiary company, losing control over this company. The sale of these interests generated a profit of 158 thousand euros, recorded in the "Other income" section of the attached consolidated income account for the 2016 financial year.

In the 2016 financial year, the removal from the scope of consolidation of this investee resulted in, with respect to the same significance which it contributed as of 1 January 2016, lower assets amounting to 5,167 thousand euros, lower liabilities amounting to 2,270 thousand euros and a lower equity of approximately 1,025 thousand euros, without the impact on the Group's income being significant.

Additionally, changes in the consolidation perimeter are seen as the companies incorporated during the year. Below is a breakdown of the companies incorporated in the 2017 and 2018 financial years (in 2016 no new companies were incorporated):

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2018

Company	Date of Incorporation	Country	Parent company
Soltec Argentina, S.R.L.	09/02/2018	Argentina	Soltec Energías Renovables, S.L.U.

2017

Company	Date of Incorporation	Country	Parent company
Soltec Trackers PVT Private Limited	07/02/2017	India	Soltec Energías Renovables, S.L.U.
Soltec Australia, PYT LTD.	09/11/2017	Australia	Soltec Energías Renovables, S.L.U.

See Annex I which details the subsidiaries forming part of the consolidation perimeter.

iv. Partial division operation

On 30 June 2017, the sole director of the Parent Company signed a partial division and capital reduction agreement. This division consisted in the transfer of an economic unit composed of the equity items relating to the photovoltaic energy production branch of activity maintained by the Parent Company in the consolidated financial statement as of 31 December 2016, which included the values of technical facilities and other associated elements which were maintained for the production of electrical energy. The partial division was made in favour of Soltec Power Generation, S.L., which acquired, through universal succession, all assets and liabilities, rights and obligations that make up said economic unit. In the opinion of the sole director of the Parent Company, this division operation was not significant within these consolidated financial statements, and as such it was not considered as a discontinued operation.

On 30 June 2017, the general meeting of Parent Company partners and Soltec Power Generation, S.L., approved the partial division in favour of the latter. The deed in which the aforementioned partial division features was recorded in the Commercial Registry of Murcia on 5 December 2017.

The partial division was expressly submitted under the tax neutrality regime regulated in Chapter VII, Title VII of the Special Regime for Mergers, Divisions, Asset Contributions and Exchange of Securities established by Law 27/2014 of 27 November, regarding Corporate Tax.

As a consequence of the aforementioned partial division, the Parent Company reduced its share capital by 177 thousand euros, by modifying the nominal value of the shareholdings from 1,667 to 1 euro, so that for each old share, 1,667 new shares were created (see note 11). With regard to the aforementioned partial division, the date of 1 January 2017 was established as the date on which operations carried out by the spin-off economic unit of the Parent Company were deemed to be carried out on behalf of Soltec Power Generation, S.L.

2.7.b Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale when it is considered that their book value will be recovered through a sales operation instead of by means of its continued usage. This condition is deemed to have been fulfilled only when the sale is highly likely, if it is ready for its immediate sale in its current condition and if it will foreseeably be completed within one year of the classification date. These assets are valued at the lower amount between their book value and their fair value less costs required for their transfer, and are not subject to depreciation.

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The assets held for sale and the components of the groups subject to disposal classified as held for sale are presented in the attached consolidated financial statement as follows: the assets in a single line, entitled "Non-current assets held for the sale", and the liabilities also in a single line, entitled "Liabilities linked to non-current assets held for sale".

Any component of the Company that has been transferred, has been otherwise disposed of or has been classified as held for sale and which represents a significant component or a significant line of business or geographic area of the operation, is part of an individual plan or is a subsidiary company acquired exclusively for sale is classified as a discontinued operation. The income generated by discontinued operations is presented in a single specific line in the consolidated income statement, net of taxes.

The assets or groups subject to disposal are valued at the lower of the carrying amount or the estimated sale value after deducting the costs necessary to carry this out, and cease to be amortised from the moment they are classified as assets held for sale.

The results after tax of discontinued operations are presented in a single line of the consolidated income statement, entitled financial year income from discontinued operations, net of taxes.

There are no discontinued operations in the 2018, 2017 and 2016 financial years.

2.7.c Intangible fixed assets

As a general rule, intangible assets are initially recognised at their acquisition price or production cost. Subsequently, they are valued at their cost less any accumulated depreciation and, where applicable, any impairment losses they may have undergone in accordance with the criteria indicated in Note 2.7. e).

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

- It is technically possible 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 shall demonstrate the existence of a market for the output that generates the intangible asset 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.

(f) its ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognised 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 recognised, the development expense is recognised in the consolidated income statement in the period in which it is incurred. Research expenditure is recognised as an expense in the period in which it is incurred.

After 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. The maximum useful life is 5 years

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2. Other intangible assets:

   In this item, the Group registers:

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

   - **Computer applications**: The Group records the costs incurred in the acquisition and development of computer programs in this account. Maintenance costs of computer applications are recognised in the income statement for the financial year in which they are incurred. Depreciation of computer applications is performed by applying the straight-line method over a period of 4 years.

Disposal of intangible assets

An intangible asset is disposed at the time of its transferal or when no future economic benefit is expected from its use or sale. Gains or losses arising from the disposals of an intangible asset, measured as the difference between the net profit from the sale and the carrying amount of the asset, are recognised in the consolidated income statement when the asset is disposed.

2.7.d Property, plant and equipment

Elements of property, plant and equipment are initially valued at their acquisition price. It is then reduced by the corresponding accumulated depreciation and impairment losses, where applicable, in accordance with the criteria cited in note 2.7.e).

Upkeep and maintenance expenses relating to property, plant and equipment are recognised in the consolidated income statement for the year in which they are incurred. On the other hand, expansion, modernisation and improvement costs which result in increased productivity, capacity or efficiency, or an increase in the useful life of the assets, are capitalised as major expenditures of the corresponding goods. Substitutions or renewals of elements of property, plant and equipment are accounted for as assets, with the consequent accounting withdrawal of the substituted or renewed items.

The elements of property, plant and equipment are systematically amortised based on the estimated useful life of the assets, distributing on a straight-line basis the cost of the assets less their residual value across the years of estimated useful life, detailed as follows:

	Years of estimated useful life
Buildings	33
Technical facilities and other tangible assets:	
Plant and machinery	7-30
Tools, other facilities and furniture	7-10
Other items of property, plant and equipment	4-6

These years of useful life are applicable to the items acquired after 1 January 2016 (date of first application of the IFRS-EU in the Group's consolidated accounts). The other items were classified with the net book value at the time of first application of the IFRS-EU as attributed cost, amortising since then in the remaining period of useful life from the date of said first application.

A property, plant and equipment item are disposed when it is sold or when future economic benefits are not expected to be obtained from its continued use. Gains or losses arising from the transfer or retirement of a property, plant and equipment item are determined as the difference between the sale price and the carrying amount of the asset and are recognised in the consolidated income statement.

In addition, in accordance with the provisions of IAS 16 "Property, plant and equipment," the costs of items of property, plant and equipment that have been incurred and comply with the properties listed in that standard in order to be activated as an increase in the value of tangible assets are recognised 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.

2.7.e Impairment of intangible assets and elements of property, plant and equipment

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

Also, irrespective 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.

The recoverable amount is the higher of fair value less costs to sell and 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 sole director of the Parent Company. These budgets incorporate the best available estimates of revenue and expenses of 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, will increase or exceed the growth rates of the 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 the asset-specific risks that have not been considered in estimating future cash flows.

Recoverable amount is 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 amount is determined for the cash-generating unit to which it belongs. Cash-generating units are identified by the Group as those different projects related to supply and/or installation of trackers and operational and maintenance services.

On each closing date, the Group evaluates whether there is any indication that the loss owing to a value impairment recognised in previous years no longer exists or may have been reduced. When an impairment loss of value subsequently reverses the carrying amount of the asset or cash-generating unit, the revised estimate of its recoverable amount is increased, but in such a way that the increased carrying amount does not exceed the carrying amount which would have been determined if no impairment loss had been recognised in prior years. The reversal of the impairment loss is credited to income.

In the 2018, 2017 and 2016 financial years, the Group has not recorded losses due to impairment of intangible assets or property, plant and equipment.

2.7.f Leases

The Group evaluates whether a contract is or contains a lease, at the beginning of said contract. The Group recognises a right-of-use asset and a lease liability for all those lease contracts in which it maintains the position of lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and for leases of low-value assets. For these leases, the Group recognises lease payments as an operating expense on a straight-line basis during the term of the lease, unless another 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 current value of the lease payments, discounted using the implicit lease rate. If this rate cannot be easily determined, the Group uses its incremental interest rate.

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

- fixed payments (including essentially fixed payments), less any incentive to collect;

- variable lease payments, which depend on an index or a rate, initially measured using the index or rate on the start date;

- amount expected to be paid as residual value guarantees;

- the exercise price of a purchase option if the Group is reasonably sure to exercise said 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 presented in the consolidated statement of financial position under "Other Non-Current Financial Liabilities" and "Other Current Financial Liabilities."

The lease liability is subsequently measured by increasing the carrying amount to reflect interests on the lease liability (using the effective interest method) and reducing the carrying amount to reflect the lease payments made.

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

- there has been a change in the term of the lease or there has been a significant event or change in circumstance which resulted 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 has been 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 above adjustments, within these consolidated financial statements, it has only been necessary to update the Right-of-use and the Lease liability due to the adjustment for inflation.

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

The right-of-use asset will be amortised to the shorter period between the lease term and 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-to-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 line in the consolidated statement of financial position.

The Group applies IAS 36 to determine if a right-of-use asset is impaired and accounts for any impairment loss identified as described in note 2.7 e).

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-to-use asset. These payments are recognised as an expense in the

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period in which the event or condition which triggers these payments occurs and is included in the line "Other operating expenses" in the consolidated income statement (see note 15).

The Standard allows, as a practical solution, for a lessee not to separate non-lease components from lease components, by underlying asset class, and instead to account for 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 remuneration of the contract to each component of the lease on the basis of the relative independent price of the lease component and the aggregate independent price of non-lease components.

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

2.7.g Financial instruments

Financial assets and liabilities are recognised in the consolidated statement of financial position when the Group becomes party to 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 issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income.

2.7.g.1 Financial assets

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

Classification of financial assets:

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

- the financial asset is managed within a business model whose objective is to maintain the financial assets in order 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 income:

- 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 foregoing, 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 income 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.

Impairment of financial assets

The Group recognises a provision for expected credit losses on investments in debt instruments which are measured at amortised cost or fair value through profit or loss in other comprehensive income, 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 recognises 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 recognises 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. However, if the credit risk of the financial instrument has not increased significantly since the initial recognition, the Group estimates the value adjustment for an amount equal to the expected credit losses in the next 12 months.

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. On the other hand, the expected loss at 12 months represents the portion of the expected credit losses for the entire life of the asset which results from possible events of default occurring within 12 months of the date of the report.

Cancellation policy

The Group write 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 into bankruptcy proceedings. The written off financial assets may be subject to compliance performance activities under the Group's recovery procedures. Any recovery of the amount will be recognised in the consolidated income statement.

Retirement of financial assets

The Group disposed 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 recognises 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 recognise the financial asset, as well as a loan secured by the revenue received.

When writing off a financial asset valued at amortised cost, the difference between the carrying amount of the asset and the remuneration received is recognised 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 equity 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 financial statement 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.

2.7.g.2 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 recognised for the amount received, net of direct issuance costs.

The purchase of Group equity instruments are recognised and deducted directly in equity. No gain or loss is recognised in the income of the purchase, sale, issuance or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are those debits 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 amortised cost using the effective interest method.

The effective interest method is a method used to calculate the amortised 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 amortised cost of a financial liability.

The Group classifies debts with suppliers that are included in contracts *confirming* financing of the current liabilities of the consolidated statement of financial position attached under the heading "Commercial creditors and other accounts payable," insofar as it is not an overdue commercial debt, it does not constitute debt to financial institutions. On the other hand, in the event that said account payable is overdue and has been anticipated by the corresponding financial institution, the Group also classifies debts with suppliers under the heading "Commercial creditors and other accounts payable".

Customer advances originate as a result of payments on account received from customers at the time of the contract's formalisation. These advances are delivered at the beginning of the project and are subsequently compensated by the Group in the invoicing of the project. Said advance will be required to be repaid to the client if the Group is unable to satisfy the supply and installation of solar trackers under the agreed conditions, except in case of force majeure.

Disposals of financial liabilities

The Group disposes financial liabilities when, and only when, the Group's obligations are met, canceled or have expired. The difference between the carrying amount of the retired financial liability and the remuneration paid is recognised in the consolidated income statement.

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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 still 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 recognised in income as profit or loss as a result of amendment.

2.7.g.3 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 recognised at fair value on the date the contract is concluded, and subsequently re-valued at fair value on each filing date. Said fair value is calculated by adapting the forward maturity points to the valuation date and then taking into account the current spot. The resulting profit or loss is immediately recognised in income, unless the derivative is designated as a hedging instrument and is effective.

Within the framework of these operations, the Group contracts exchange rate insurance, classified as financial instruments derived from negotiation, as, at the initial stage, there is no formal designation and documentation of the hedging relationship.

The exchange rate insurances contracted are both simple currency acquisition 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.

2.7.h Inventories

Inventories are valued at acquisition cost, production cost, or net realisable value, whichever is less. 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 stocks are as follows:

- Commercial stocks 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 labour.

- The stocks in progress, corresponding to commercial merchandise on consignment by suppliers who carry out processing services such as galvanising are valued at production cost, which includes the cost of incorporated materials, labour and direct and indirect product expenses incurred up to that date.

In assigning value to its inventories, the Group uses the weighted average cost method on the units in storage at the close of the financial year, from the date of acquisition of the corresponding stock.

The net realisable 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.

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The Group also carries out the appropriate valuation corrections, recognising these as an expense in the consolidated income statement when the net realisable value of stocks is lower than their acquisition price or production cost. At the close of the 2018, 2017, 2016 financial years and as of 1 January 2016, the Group does not record any impairment on its stocks.

The Group's policy is to formalise insurance policies to cover the possible risks applicable to the various elements of its stocks, said inventories are sufficiently covered as of 31 December 2018, 2017, 2016 and 1 January 2016, in the opinion of the sole director of the Parent Company.

2.7.i Foreign currency transactions

Conversion of financial statements in currency other than the euro

The conversion of the financial statements of a Group company whose functional currency is not the euro is carried out 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.

2. The items in the income statements of each foreign company are converted to euro (presentation currency) using the average annual exchange rate, calculated as the arithmetic average of the average exchange rates for each of the twelve months of the 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 equity, including the income calculated as described in point 2, converted at the historical exchange rate, and the equity situation resulting from the conversion of rights and obligation under section (1) above, is recorded, positively or negatively as appropriate, in the consolidated comprehensive income statement as exchange rate differences. Cash flows are converted at the exchange rate on the date on which said transaction occurred or using a mean weighted exchange rate for the monthly period, provided that there have been no significant variations.

The conversion to 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.

The exchange rate difference accounted for in the consolidated comprehensive income statement is recognised in the consolidated income statement 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 said 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 recognised in the consolidated income statement under the heading of "Net exchange rate differences", unless their equity differs, as in the case of cash flow hedges and net investment hedges.

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.

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2.7.j Income Tax

The expense or revenue for income tax 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 settlement for a given financial year. The assets or liabilities for current income tax are valued for 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 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 financial 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 recognised in income, unless it arises from a financial transaction or business event which is recognised against equity or in a business combination in the same or in a different financial year.

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 recognises deferred tax liabilities in all cases unless:

- 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 income nor the taxable base on the date of transaction.

- they correspond to differences relating 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 recognises deferred tax assets provided that:

- it is probable that there will be sufficient 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 income nor the taxable base on the date of transaction are not recognised.

- 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 which are 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 financial years in which the assets are expected to be realised or liabilities expected to be settled, based on the regulations and rates which have been approved or which are pending approval, having considered the tax consequences which will result from the way in which the Group expects to recover the assets or settle the liabilities.

The Group reviews the accounting value of deferred tax assets on the closing date of the financial year, in order to reduce said value insofar as it is unlikely that there will be sufficient future positive tax bases against which to offset them.

Deferred tax assets that do not meet the above conditions are not recognised in the consolidated financial statement. At the close of the financial year, the Group reconsiders if the conditions for recognising deferred tax assets which previously had not been recognised 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 a 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 exchange rate difference, in the case of investees with a functional currency other than the euro. Deferred tax assets and liabilities arising from these differences are recognised unless, in the case of taxable differences, the investor can control the 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 said difference will not be reversed in the foreseeable future and it is unlikely that the company will have future taxable profit in sufficient amount.

2.7.k Recognition of revenue from contracts with customers

The Group recognises revenue from the following main sources:

- Supply of trackers and the market guarantees granted;

- Tracker installation service; and

- Commissioning, operational and maintenance service.

Revenue is measured based on the remuneration 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 recognises 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 set of trackers necessary to reach the megawatt (MW) capacity required by the plant. The guarantees relating to the supply of trackers (the years of guarantee differ between the structural components and the electrical components from which the trackers are formed) cannot be purchased separately, and serve as a guarantee that the products sold comply with the agreed specifications, being in accordance with the normal market practice. Therefore, the Group accounts for guarantees in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” (see note 2.7. m).

The revenue for the supply of the set of trackers necessary for the operation of the farm is recognised throughout the period of the trackers' supply, as the client acquires control of the asset and the Group has the enforceable right to payment for work that has been completed to date. The supply is completed by plot of the customer's photovoltaic plant field; once the supply of a certain plot is completed, 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 client 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.

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Tracker installation service

The Group offers the option of a tracker installation service. Where installation service is agreed upon, this is included in a single contract together with the supply of trackers. These services are recognised as a distinct performance obligation, as the customer could have acquired this from other suppliers in the market.

In those cases in which more than one performance obligation is identified in a contract, the Group assigns the price of the transaction between those obligations. The assignment will generally be made on the basis of an independent sale price for each distinct good or service. This independent sale price principally represents the price at which the Group would sell similar goods or services separately.

The tracker installation service is carried out over time. Revenue from these installation services is recognised based on the percentage of contract carried out. The sole director considers that the measurement of revenue as the ratio between the performed part versus the total committed is an appropriate measure of progress towards full compliance with these performance obligations under IFRS 15. The performed part 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 as yet not-invoiced services provided.

Commissioning, operational and maintenance service

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

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

Revenue related to commissioning is recognised at the time the service is provided. Likewise, revenue related to maintenance services are recognised over time, on a straight-line basis throughout the service period. In general, invoicing is quarterly.

2.7.l Other revenue and expenses

The revenue and expenses are recognised on an accrual basis, that is to say, when the actual flow of goods and services which they represent occurs, independently of the moment in which the monetary or financial flow derived thereof occurs. Said revenue is valued at the fair value of the remuneration received, with discounts and taxes deducted.

Interest received from financial assets is recognised using the nominal interest rate. The sole director of the Parent Company considers that the effect of applying these criteria does not differ significantly from the effect which would have been produced from the application of the effective interest method.

2.7.m Provisions and contingencies

In preparing these consolidated financial statements, the sole director of the Parent Company differentiates 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 materialisation is conditional on whether or not more future events occur that are independent of the Group's will.

The obligations existing at the 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 in order to cancel the obligation. Unless they are considered remote, contingent liabilities are not recognised in the consolidated financial statements, but are disclosed in the notes thereof.

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

The amounts recognised 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 recognised as a financial expense in the consolidated income statement.

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 recognised under the "Other revenue" item.

The compensation to be received from a third party at the time of settling the obligation, provided that there is no doubt that said 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 externalised, and by virtue of which the Group is not obligated to respond. In this situation, the compensation will be taken into account in order to estimate the amount at which, where appropriate, the corresponding provision is to be registered.

Provisions for restructuring

Provisions related to restructuring processes are recognised 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.

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Assurance guarantee

Provisions for guarantees under local legislation or normal market practice are recognised 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.

At the end of the 2018 and 2017 financial years, the Group records the estimated amounts of 44 and 248 thousand euros, respectively, under the heading "Non-current provisions" of the attached consolidated financial statement (no provisions for guarantees have been recognised at the close of the 2016 financial year and as of 1 January 2016), corresponding to the guarantee commitments which it expects to meet as a consequence of contracts for the supply and installation of solar trackers. The sole director of the Parent Company estimates that, based on historical information, this liability reasonably includes the expenses to be incurred due to the guarantees granted to its clients.

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. These consolidated financial statements do not include any provision under this item, as situations of this nature are not expect to arise.

2.7.n Environmental equity assets

Environmental assets are those used sustainably in the Group's activity, whose main purpose is to minimise 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.

2.7.o Transactions with related parties

Generally speaking, 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 recognised based on the economic substance of the operation. Subsequent valuation is performed in accordance with the provisions of the relevant standards.

In addition, the transfer prices are adequately supported, and as such, the sole director of the Parent Company considers that there are no significant risks in this regard that may give rise to significant liabilities in the future.

3. Financial risk management

The Group's financial risk management is centralised in the financial department, which seeks to minimise the effects of these risks through the use of derivative financial instruments in order to cover the exposure to risk. The use of financial derivatives is governed by the Group's policies, as approved by the sole director, which provide necessary mechanisms to control exposure to variations in interest rates and exchange rates, as well as credit and liquidity risks. The Group does not issue or sell market financial instruments, including derivative financial instruments, for speculative purposes.

The main financial risks impacting the Group are as follows:

3.1 Credit risk

Credit risk consists of the risk of a debtor becoming insolvent in relation to 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, sufficient guarantee from third parties as a means of mitigating credit risk. In this regard, for certain operations the Group will at times contract credit insurance to secure accounts receivable from certain foreign clients. At the end of the 2018 financial year there were outstanding balances insured for an amount of 10,219 thousand euros, while at the end of the 2017 financial year there were no such amounts insured (nor at the close of the 2016 financial year).

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 analysed and approved by the general management, based on the amounts and risks involved in each decision.

As of 31 December 2018 and 2017, the Group accounted for 22% and 59% of the net turnover amount (84% at the close of the 2016 financial year) and 19% and 34% of commercial accounts receivable with third parties in companies based in South America and North America (70% at the close of the 2016 financial year), linked to a single group of recognised prestige (Enel Group), respectively.

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.

3.2 Liquidity risk

This refers to the risk of the Group finding it difficult 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 stocks and accounts receivable, with the management of the average collection period and deferment of payments to suppliers being significant.

In order to ensure liquidity and be able to meet all payment commitments deriving from its activity, the Group has the cash as shown on its balance sheet, as well as the undrawn credit and financing lines which are featured in note 9. With this objective, the Group has formalised a syndicated loan (see note 9) during the financial year, for which it has remarkably expanded its liquidity sources.

3.3 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.

3.3.1 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, in order to minimise the cost of the debt in the multi-annual horizon with reduced volatility in the consolidated income statement.

Almost all of the debt held has a variable interest rate, 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 interest rates is reduced.

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3.3.2 Exchange rate risk

The Group has subsidiaries in Peru, Brazil, Chile, the United States, Italy, Mexico, Argentina, Australia and India, and is therefore exposed to exchange rate risk from operations with currencies, which is mainly focused on purchases of supplies and sales in US dollars and Brazilian reais. In order to mitigate this risk, the Group follows a policy of contracting financial instruments (exchange insurance) which reduce exchange rate differences for transactions in foreign currency (see note 9).

The details of the most significant balances and transactions in foreign currency corresponding to 31 December 2018, 2017 and 2016 and 1 January 2016, valued at the closing exchange rate and average exchange rate respectively, are as follows:

2018 Financial Year

	Thousands of euros							
	Fixed assets	Other financial assets	Accounts receivable	Accounts payable	Cash	Sales	Purchases	Other expenses
US dollar	526	96	29,207	9,011	1,121	83,809	57,688	3,006
Brazilian Real	727	13	17,158	2,399	4,137	48,797	25,656	8,358
Chilean Pesos	98	166	298	-	183	733	506	-
Peruvian Soles	23	31	433	194	41	201	41	298
Mexican Pesos	404	163	1,762	421	18	2,453	-	3,643
Australian Dollars	2	9	-	42	2	-	4	75
Argentine Pesos	-	-	9	145	37	-	-	39

2017 Financial Year

	Thousands of euros						
	Fixed assets	Accounts receivable	Accounts payable	Cash	Sales	Purchases	Other expenses
US dollar	603	29,494	2,390	693	121,086	76,089	8,436
Brazilian Real	970	14,929	2,944	315	47,242	5,220	11,450
Chilean Pesos	103	-	40	224	123	-	819
Peruvian Soles	24	-	518	293	-	-	2,379
Mexican Pesos	412	5,251	496	120	3,676	2,932	4,006

2016 Financial Year

	Thousands of euros						
	Fixed assets	Accounts receivable	Accounts payable	Cash	Sales	Purchases	Other expenses
US dollar	395	19,639	536	1,667	61,335	25,357	3,449
Brazilian Real	970	-	501	415	-	1,306	2,884
Chilean Pesos	332	-	979	232	-	2,283	5,609
Peruvian Soles	58	-	434	52	-	43	449
Mexican Pesos	14	-	3	85	-	7	213

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1 January 2016

	Thousands of euros					
	Accounts receivable	Accounts payable	Cash	Sales	Purchases	Other expenses
US dollar	5,520	402	476	42,975	11,500	715

The sole director of the Parent Company has deemed that the remaining foreign currency transactions not broken down in the preceding tables are not significant.

The amount of the exchange rate differences recognised in the income of the 2018, 2017 and 2016 financial years, by class of financial instrument, is as follows:

2018 Financial Year

	Thousands of euros		
	For transactions settled in the financial year	For outstanding balances	Total
Exchange rate gains	3,721	1,396	5,117
Exchange rate losses	(4,103)	(4,061)	(8,164)
Net exchange rate differences	**(382)**	**(2,665)**	**(3,047)**

2017 Financial Year

	Thousands of euros		
	For transactions settled in the financial year	For outstanding balances	Total
Exchange rate gains	6,581	908	7,489
Exchange rate losses	(9,263)	(2,465)	(11,728)
Net exchange rate differences	**2,682**	**(1,557)**	**(4,239)**

2016 Financial Year

	Thousands of euros		
	For transactions settled in the financial year	For outstanding balances	Total
Exchange rate gains	2,691	558	3,249
Exchange rate losses	(1,841)	(369)	(2,210)
Net exchange rate differences	**850**	**189**	**1,039**

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Analysis of sensitivity to exchange rates

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

The Group's sensitivity to a revaluation or depreciation of the euro against the foreign currencies mentioned above is detailed in the table below, without taking into account the potential effect of the exchange rate insurance contracted. The sensitivity rate used is that which is considered when communicating the exchange risk internally to key members of management, and represents the management's valuation of the possible variation, up to reasonable limits, of the exchange rates. The sensitivity analysis includes the most relevant monetary and non-monetary items pending and transactions carried out by the Group with third parties, adjusting their conversion at the end of the period to take into account the variation in the exchange rate.

In the following table, a positive figure represents an increase in the financial year income or in equity, in cases where the euro is weakens against the relevant currency. In case of the euro strengthens against a given currency, a similar impact on the income or on the equity occurs, and the balances indicated below are negative:

2018 Financial Year

Currency	Variation	Thousands of euros	
		Impact on Consolidated net Profit/(loss)	Impact on Equity
United States Dollars / Euro	10%	(2,101)	(1,986)
Brazilian real / Euro	10%	(1,344)	(1,784)
United States Dollars / Euro	-10%	2,568	2,427
Brazilian real / Euro	-10%	1,643	2,180

2017 Financial Year

Currency	Variation	Thousands of euros	
		Impact on Consolidated net Profit/(loss)	Impact on Equity
United States Dollars / Euro	10%	(3,324)	(2,582)
Brazilian real / Euro	10%	(2,779)	(1,206)
United States Dollars / Euro	-10%	4,062	3,156
Brazilian real / Euro	-10%	3,397	1,474

2016 Financial Year

Currency	Variation	Thousands of euros	
		Impact on Consolidated net Profit/(loss)	Impact on Equity
United States Dollars / Euro	10%	(2,957)	(1,924)
Brazilian real / Euro	10%	381	(80)
United States Dollars / Euro	-10%	3,614	2,352
Brazilian real / Euro	-10%	(466)	98

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3.3.3 Other market risks

The variations in the price of steel modify the cost of the main raw material used by the Group for manufacturing its solar trackers. The Group has considered that such exposure is limited as long as the supply contracts are signed and supplied in the medium term and future price expectations are used in the quotation of the sales prices to its customers.

4. Information by segment

4.1 Main segments and segmentation criteria

As indicated in note 1, the main activity of the Group is the installation and marketing of photovoltaic solar trackers. The highest decision-making authority of the Group, that is to say, the sole director of the Parent Company, individually evaluates returns by project, considering a single segment 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 by the highest authority in the Group's decision-making.

The Group identifies the projects as cash-generating units (see note 2.7.e)).

4.2 Information on geographic areas

In the presentation of information on geographic areas, revenue is based on the geographic location of the clients, and the assets of the geographic area are based on the geographic location of the assets. Likewise, non-current assets in the geographic area do not include deferred tax assets or financial instruments.

The distribution of non-current assets by geographic area as of 31 December 2018, 31 December 2017, 31 December 2016 and 1 January 2016, is as follows:

31 December 2018

	Thousands of euros						
	Spain	Brazil	North America(*)	Rest of South America(*)	APAC(*)	Others(*)	Total
Intangible assets	1,216	28	-	-	1	-	1,245
Property, plant and equipment	3,490	633	854	116	2	-	5,095
Right of use	8,150	180	589	38	32	-	8,989
Equity method investment	-	-	-	-	-	-	-
	12,856	**841**	**1,443**	**154**	**35**	-	**15,329**

31 December 2017

	Thousands of euros						
	Spain	Brazil	North America(*)	Rest of South America(*)	APAC(*)	Others(*)	Total
Intangible assets	1,247	42	7	1	-	-	1,297
Property, plant and equipment	3,039	760	921	96	2	-	4,818
Right of use	7,486	229	616	2	84	-	8,417
Equity method investment	-	-	-	-	-	-	-
	11,772	**1,031**	**1,544**	**99**	**86**	-	**14,532**

31 December 2016

	Thousands of euros						
	Spain	Brazil	North America(*)	Rest of South America(*)	APAC(*)	Others(*)	Total
Intangible assets	1,177	60	-	13	-	-	1,250
Property, plant and equipment	2,827	910	409	200	-	-	4,346
Right of use	5,791	244	115	42	-	-	6,192
Equity method investment	386	-	-	-	-	2	388
	10,181	**1,214**	**524**	**255**	**-**	**2**	**12,176**

1 January 2016

	Thousands of euros						
	Spain	Brazil	North America(*)	Rest of South America(*)	APAC(*)	Others(*)	Total
Intangible assets	1,156	-	-	17	-	-	1,173
Property, plant and equipment	2,366	117	-	401	-	-	2,884
Right of use	3,091	209	155	76	-	-	3,531
Equity method investment	361	-	-	-	-	55	416
	6,974	**326**	**155**	**494**	**-**	**55**	**8,004**

The distribution of the net turnover amount by geographic area for the 2018, 2017 and 2016 financial years is as follows:

Income	Thousands of euros		
	2018	2017	2016
Spain	15,763	846	2,009
Brazil	50,113	91,939	23,666
North America (*)	32,634	52,608	28,288
Rest of South America (*)	15,108	28,509	10,123
APAC (*)	7,851	-	-
Others (*)	44,485	3,008	-
	165,954	**176,910**	**64,086**

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

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4.3 Other segment information

The type of products and services provided by the Group have been detailed in note 15 a).

On the other hand, the most representative clients of the Group for the 2018, 2017 and 2016 financial years, have principally been Enel Green Power, Solaire Direct (Engie), TSK and Scatec Solar. Transactions with Solaire Direct (Engie), Enel Green Power, TSK and Scatec Solar accounted for more than 10% of the net amount of the Group's turnover in the 2018 financial year. Transactions with Enel Green Power and Solaire Direct (Engie) accounted for more than 10% of the net amount of the Group's turnover in 2017 (in 2016, transactions with Enel Green Power represented more than 10% of the net amount of the Group's turnover).

5. Intangible fixed assets

The detail and changes of the items included under the heading of "Intangible assets" as of 31 December 2018, 2017 and 2016 and 1 January 2016 is shown below:

2018 Financial Year

	Thousands of euros			
	Initial Balance	Additions	Exchange rate differences	Final Balance
Cost:				
Development	1,693	390	-	2,083
Other intangible fixed assets-				
Patents and similar intangible items	146	4	-	150
Computer software	392	19	(14)	397
	538	23	(14)	547
Total cost	**2,231**	**413**	**(14)**	**2,630**
Accumulated depreciation:				
Development	(776)	(350)	-	(1,126)
Other intangible fixed assets-				
Patents and similar intangible items	(42)	(21)	-	(63)
Computer software	(116)	(83)	3	(196)
	(158)	(104)	3	(259)
Total accumulated amortisation	**(934)**	**(454)**	**3**	**(1,385)**
Total intangible fixed assets	**1,297**			**1,245**

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2017 Financial Year

	Thousands of euros			
	Initial Balance	Additions	Exchange rate differences	Final Balance
Cost:				
Development	1,316	377	-	1,693
Other intangible fixed assets-				
Patents and similar intangible items	132	14	-	146
Computer software	234	161	(3)	392
	366	175	(3)	538
Total cost	**1,682**	**552**	**(3)**	**2,231**
Accumulated depreciation:				
Development	(377)	(399)	-	(776)
Other intangible fixed assets-				
Patents and similar intangible items	(20)	(22)	-	(42)
Computer software	(35)	(84)	3	(116)
	(55)	(106)	3	(158)
Total accumulated depreciation	**(432)**	**(505)**	**3**	**(934)**
Total intangible fixed assets	**1,250**			**1,297**

2016 Financial Year

	Thousands of euros			
	Initial Balance	Additions	Withdrawals	Final Balance
Cost:				
Development	1,030	286	-	1,316
Other intangible fixed assets-				
Patents and similar intangible items	116	16	-	132
Computer software	27	208	(1)	234
	143	224	(1)	366
Total cost	**1,173**	**510**	**(1)**	**1,682**
Accumulated depreciation:				
Development	-	(377)	-	(377)
Other intangible fixed assets-				
Patents and similar intangible items	-	(20)	-	(20)
Computer software	-	(35)	-	(35)
	-	(55)	-	(55)
Total accumulated depreciation	**-**	**(432)**	**-**	**(432)**
Total intangible fixed assets	**1,173**			**1,250**

Additions

The main additions of the 2018 and 2017 financial years correspond to assets generated internally under the heading of "Development" for 390 and 377 thousand euros, respectively (286 thousand euros in 2016). These expenses are associated with new products for which the technical management of the Parent Company estimates a positive return, within the framework of the testing and validation checks which are being carried out, including technical reports, and which are expected to be marketed within the contracts that will be concluded during the next financial years.

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Others

During the 2018, 2017 and 2016 financial years, there were no valuation corrections for impairment of a significant amount in intangible assets.

During the 2018, 2017 and 2016 financial years, no acquisitions related to intangible assets were made from related companies, except as detailed in note 14.

There are no firm purchase or sale commitments with respect to the intangible assets in force as of the date of these consolidated financial statements' preparation.

All the intangible fixed asset elements are assigned to the Group's operation.

Likewise, at the end of the 2018, 2017 and 2016 financial years, there are no assets with indefinite useful lives.

6. Property, plant and equipment

The detail and changes under this heading of the consolidated financial statements as of 31 December 2018, 2017 and 2016 and 1 January 2016, are as follows:

2018 Financial Year

	Thousands of euros				
	Initial Balance	Additions	Disposals	Exchange rate differences	Final Balance
Cost:					
Land and buildings-					
Buildings	2,239	371	-	-	2,610
	2,239	371	-	-	2,610
Technical facilities and other tangible assets					
Plant and machinery	1,663	172	-	(89)	1,746
Tools, other facilities and furniture	1,392	399	(32)	(25)	1,734
Other items of property, plant and equipment	717	210	(19)	(11)	897
	3,772	781	(51)	(125)	4,377
Total cost	**6,011**	**1,152**	**(51)**	**(125)**	**6,987**
Accumulated depreciation:					
Land and buildings-					
Buildings	(109)	(187)	-	-	(296)
	(109)	(187)	-	-	(296)
Technical facilities and other tangible assets					
Plant and machinery	(642)	(105)	-	17	(730)
Tools, other facilities and furniture	(297)	(278)	10	6	(559)
Other items of property, plant and equipment	(145)	(169)	5	2	(307)
	(1,084)	(552)	15	25	(1,596)
Total accumulated depreciation	**(1,193)**	**(739)**	**15**	**25**	**(1,892)**
Total	**4,818**				**5,095**

2017 Financial Year

	Thousands of euros						
	Initial Balance	Additions	Disposals	Divestment retirements (note 2.7. a))	Division retirements (note 2.7. a))	Exchange rate differences	Final balance
Cost:							
Land and buildings-							
Lands	462	-	(462)	-	-	-	-
Buildings	1,315	924	-	-	-	-	2,239
	1,777	924	(462)	-	-	-	2,239
Technical facilities and other tangible assets							
Plant and machinery	1,613	448	(41)	-	(293)	(64)	1,663
Tools, other facilities and furniture	980	558	(64)	-	-	(82)	1,392
Other items of property, plant and equipment	566	305	(138)	-	-	(16)	717
Assets under construction	137	-	-	(137)	-	-	-
	3,296	1,311	(243)	(137)	(293)	(162)	3,772
Total cost	**5,073**	**2,235**	**(705)**	**(137)**	**(293)**	**(162)**	**6,011**
Accumulated depreciation:							
Land and buildings-							
Buildings	(29)	(80)	-	-	-	-	(109)
	(29)	(80)	-	-	-	-	(109)
Technical facilities and other tangible assets							
Plant and machinery	(509)	(170)	4	-	-	33	(642)
Tools, other facilities and furniture	(113)	(194)	9	-	-	1	(297)
Other items of property, plant and equipment	(76)	(132)	59	-	-	4	(145)
	(698)	(496)	72	-	-	38	(1,084)
Total accumulated depreciation	**(727)**	**(576)**	**72**	**-**	**-**	**38**	**(1,193)**
	4,346						**4,818**

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2016 Financial Year

	Thousands of euros			
	Initial Balance	Entries or additions	Disposals	Final balance
Cost:				
Land and buildings-				
Lands	719	-	(257)	462
Buildings	498	817	-	1,315
	1,217	817	(257)	1,777
Technical facilities and other tangible assets				
Plant and machinery	954	659	-	1,613
Tools, other facilities and furniture	251	744	(15)	980
Other items of property, plant and equipment	214	383	(31)	556
Assets under construction	248	-	(111)	137
	1,667	1,786	(157)	3,296
Total cost	**2,884**	**2,603**	**(414)**	**5,073**
Accumulated depreciation:				
Land and buildings-	-	(29)	-	(29)
Buildings	-	(29)	-	(29)
Technical facilities and other tangible assets				
Plant and machinery	-	(509)	-	(509)
Tools, other facilities and furniture	-	(117)	4	(113)
Other items of property, plant and equipment	-	(80)	4	(76)
	-	(706)	8	(698)
Total accumulated depreciation	**-**	**(735)**	**8**	**(727)**
	2,884			**4,346**

The net book value of the elements of "Property, plant and equipment" as of 31 December 2018, 2017 and 2016 and 1 January 2016 is as follows:

	Thousands of euros			
	31/12/18	31/12/17	31/12/16	01/01/16
Land and buildings:				
Lands	-	-	462	719
Buildings	2,314	2,130	1,286	498
	2,314	2,130	1.748	1,217
Technical facilities and other tangible assets:				
Plant and machinery	1,016	1,021	1,104	954
Tools, other facilities and furniture	1,175	1,095	867	251
Other items of property, plant and equipment	590	572	490	214
Assets under construction	-	-	137	248
	2,781	2,688	2,598	1,667
	5,095	**4,818**	**4,346**	**2,884**

Additions

The main additions of the 2018 financial year correspond to i) the improvement and furnishing works of the facilities in the stocks *"hub"*, which was created in 2017, expanding warehouses in Spain with the aim

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of providing greater commercial flexibility and ii) the purchases of tools and machinery in Brazil and Mexico for use in installation projects.

The main additions of the 2017 financial year correspond to i) the improvement and furnishing works of the Company's facilities in Murcia (Spain) and California (United States), ii) the creation of a stocks *"hub"*, expanding the Group's warehouses with the aim of providing greater commercial flexibility, as well as to iii) the acquisition of various ramming machines and transport elements necessary for the development of its activity, mainly in Spain and Mexico.

The main additions for the 2016 financial year correspond to the new offices and facilities of the Group's Parent Company, as well as the acquisition of various ramming machines necessary for the development of the Group's activity.

Assurance guarantee

As of 31 December 2018 and 2017, as a result of the partial division operation described in note 2.7. a), there are no elements with guarantee of financing granted to the Parent Company (as of 31 December 2016 and 1 January 2016, these elements of "Property, plant and equipment" with guarantee of financing granted to the Company had a net accounting value of 80 and 134 thousand euros, respectively).

Insurance contracts

The Group's policy is to formalise insurance policies in order to cover the possible risks to which the various elements of "Property, plant and equipment" are subject, said elements being sufficiently covered as of 31 December 2018, 2017 and 2016 and 1 January 2016, in the opinion of the sole director of the Parent Company.

Others

During the 2018, 2017 and 2016 financial years, there have been no valuation corrections for impairment of significant amount within the elements of "Property, plant and equipment".

During the 2018, 2017 and 2016 financial years, no acquisitions related to elements of "Property, plant and equipment" have been made from related companies.

There are no firm purchase or sale commitments with respect to the elements of "Property, plant and equipment" in force as of the date of these consolidated financial statements' preparation.

All the elements of "Property, plant and equipment" are assigned to the Group's operation.

7. Leases

As explained in note 2.2, the Group accounts for leases in accordance with IFRS 16 "Leases", (whose effective date is for annual periods beginning on or after 1 January 2019, with the option of early adoption which The Group has made use of in applying all IFRS-EU in force as of the date of these consolidated financial statements). IFRS 16 establishes the principles for the recognition, valuation, presentation and breakdown of lease agreements, with the aim of ensuring that both lessee and lessor provide relevant information that represents the true image of such operations. IFRS 16 provides for a single accounting model for the lessee, according to which the latter must recognise the right-of-use assets and corresponding lease liabilities of all lease contracts, unless the term of the lease is 12 months or less, or the underlying asset is of low value.

The criteria established by IFRS 16 for the registration of lease contracts have been applied on an amended retrospective basis, equating the amount of the asset to the current value of the discounted income, adjusting the opening balance on the date of first application (in this case, 1 January 2016).

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The detail and changes under this heading of the consolidated financial statements as of 31 December 2018, 2017 and 2016 and 1 January 2016, are as follows:

2018 Financial Year

	Thousands of euros				
	Initial Balance	Additions	Withdrawals	Exchange rate differences	Final Balance
Cost:					
Land and Buildings	8,380	1,469	(48)	6	9,807
Other items of property, plant and equipment	1,048	133	(70)	(5)	1,106
Total cost	**9,428**	**1,602**	**(118)**	**1**	**10,913**
Accumulated depreciation:					
Land and Buildings	(828)	(844)	48	49	(1,575)
Other items of property, plant and equipment	(183)	(183)	70	(53)	(349)
Total accumulated depreciation	**(1,011)**	**(1,027)**	**118**	**(4)**	**(1,924)**
Total right of use	**8,417**				**8,989**

2017 Financial Year

	Thousands of euros				
	Initial Balance	Additions	Withdrawals	Exchange rate differences	Final Balance
Cost:					
Land and Buildings	5,719	2,980	(209)	(110)	8,380
Other items of property, plant and equipment	927	167	(31)	(15)	1,048
Total cost	**6,646**	**3,147**	**(240)**	**(125)**	**9,428**
Accumulated depreciation:					
Land and Buildings	(373)	(686)	209	22	(828)
Other items of property, plant and equipment	(81)	(149)	31	16	(183)
Total accumulated depreciation	**(454)**	**(835)**	**240**	**38**	**(1,011)**
Total right of use	**6,192**				**8,417**

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	Thousands of euros				
	Initial Balance	Additions	Withdrawals	Exchange rate differences	Final Balance
Cost:					
Land and Buildings	3,200	2,519	-	-	5,719
Other items of property, plant and equipment	331	596	-	-	927
Total cost	**3,531**	**3,115**	**-**	**-**	**6,646**
Accumulated depreciation:					
Land and Buildings	-	(364)	-	(9)	(373)
Other items of property, plant and equipment	-	(81)	-	-	(81)
Total accumulated depreciation	**-**	**(445)**	**-**	**(9)**	**(454)**
Total right of use	**3,531**				**6,192**

The amount as of 1 January 2016 includes those financial lease contracts that, until the conversion to IFRS, were registered within the elements of property, plant and equipment.

The Group leases different assets, including land, buildings and other fixed assets. The average lease period is not indicative, given that there is a large difference between the period considered for land and construction leases and the rest of the assets subject to lease. The non-cancellable minimum has been taken as the lease period, with the exception of those land and construction contracts in which, if there is an extension option, it has been considered as reasonably certain due to the volume of significant investments in investments and improvements thereof. In the rest of the assets (warehouses without related significant investments or strategic value, non-specialised machinery, vehicles, etc.), no more lease liability has been considered above the non-cancellable contractual minimum, since the exercise of extension options is not considered reasonably certain if there are any.

Therefore, the average lease period is around three years, except for certain warehouse contracts in which a ten-year lease period has been considered. This is in addition to three land and office contracts which stipulate a period of lease between 30 and 33 years, starting from the date of transition to IFRS 16, in order to align it with the remaining depreciation period of the investments related to these leased assets.

The main additions correspond to the rental of land and warehouses in line with the increased needs of the Group.

The undiscounted lease liability is detailed, by maturity, as follows:

		Thousands of euros					
	2019	2020	2021	2022	2023	2024 and subsequent years	Total
Lease liability	1,252	1,050	972	856	804	6,386	11,320

The financial expense recorded for contracts subject to IFRS 16 amounted to 314 and 273 thousand euros in 2018 and 2017, respectively (179 thousand euros in 2016).

In the sole director's opinion, there are no significant equity leases. Also, given the nature of the contracts, as explained in note 2.2. in the case of contracts with an extension option, as these contracts relate to land and buildings, a long-term lease period has been estimated (linked to the period of depreciation of the related asset investments) and as such it can be stated that there are no probable lease payments which have not been considered, in themselves, to be reasonably certain.

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As described in note 2.7.f), the Group has made use of the exemptions of short-term contracts and low-value assets, with the expense recognised in the consolidated income statement under short-term contracts and contracts with low-value assets (in the vast majority of cases, both categories coincide) for 2,263 and 3,556 thousand euros in the 2018 and 2017 financial years, respectively (2,354 thousand euros in the 2016 financial year).

There are no sublease operations to third parties outside the Group or *"sale & leaseback"* contracts.

The average applied discount rate was 3.5% for Spain, 9.1% in LATAM and 8.1% in the rest of the world. The cause of this difference is based on the discount rates applicable in economies such as Mexico or Brazil. Said interest rate is calculated based on the risk-free rate in each country (in order to reflect the circumstances of each economy and the currency of the contract) adjusted by the risk differential applicable to the Group's companies.

The total amount of cash outflows for leases amounts to 3,506 and 4,567 thousand euros in 2018 and 2017, respectively (2,842 thousand euros in 2016).

8. Investments accounted for using the equity method

There are no associated companies as of 31 December 2018 and 2017. The breakdown of existing associated entities as of 31 December 2016 and 1 January 2016 is detailed in the following section:

Name and Address	Activity	% Direct Interest
Partnership Shikun and Binui Soltec Renewable Energy. Ha Yarden St. 1A Airport, Tel Aviv (Israel)	Marketing and management of equipment for renewable energy	30.00%
Solnueve Iniciativas Energéticas, S.A. Avenida Juan de Borbón 56, 3 C Murcia (Spain)	Marketing and management of equipment for renewable energy	31.05%
Solnueve Infraestructuras Solares Aeroportuarias, S.L. Avenida Juan de Borbón 56, 3 C Murcia (Spain)	Marketing and management of equipment for renewable energy	25.35%

All the aforementioned companies were accounted for using the equity method in the consolidated financial statements for the 2016 financial year. None of these associated entities is individually significant for the Group, and as such the following information is presented as an aggregate:

	Thousands of euros
	31/12/16
Initial Balance	**416**
Divestment	(8)
Group interest in the profit/(loss) of continuing operations	108
Group interest in the consolidated comprehensive income statement	-
Dividends	(128)
Final Balance	**388**

During 2017, the Partnership Shikun and Binui Soltec Renewable Energy interest in Israel, over which the Parent Company had significant influence with 30% interest, was liquidated, thus registering a loss of 3 thousand euros under the heading "Income for transferal of fixed assets and others" of the attached consolidated income statement for the 2017 financial year.

On 3 August 2017, the purchase agreement of 31% of the social interests of Solnueve Iniciativas Energéticos, S.A. for 303 thousand euros was made public. This amount included the compensation of a credit right amounting to 40 thousand euros, held by the Company at the time of the sale's formalisation.

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Likewise, and on the same date, the sale of 25% of the social interests of Solnueve Infraestructuras Solares Aeroportuarias, S.L., owned by the Company, for 2,490 thousand euros, was made public.

As such, a profit of 2,358 thousand euros has been recorded under the heading "Interest in profit/(loss) investments valued using the equity method". Both sales were made to partners of the Parent Company, Grupo Corporativo Sefran, S.L. and Valueteam, S.L., in proportions identical to their ownership interest in the share capital of the Company and at market prices.

The sole director of the Parent Company considers that the effect of the income breakdown up to the date of sale of said associated companies is not significant within the framework of these consolidated financial statements, and so it has not been considered in the breakdown in the consolidated income statement for the 2017 financial year.

9. Financial instruments

The following tables present information regarding:

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

	Thousands of euros			
	Amortised cost	Fair value through profit or loss in other comprehensive income	Fair value through profit or loss in the income statement	Balance at 31/12/2018
Financial assets:				
Equity instruments	-	84	-	84
Loans to third parties and associated companies	2,451	-	-	2,451
Debtors and other current assets	49,810	-	-	49,810
Derivatives	-	-	1,518	1,518
Taxes and bonds received	1,758	-	-	1,758
Cash and cash equivalents	19,140	-	-	19,140
Total financial assets	**73,159**	**84**	**1,518**	**74,761**
Financial liabilities:				
Debts with credit institutions	69,069	-	-	69,069
Lease liabilities	8,710	-	-	8,710
Trade and other payables	31,532	-	-	31,532
Derivatives	-	-	410	410
Other financial liabilities	167	-	-	167
Total financial liabilities	**109,478**	**-**	**410**	**109,888**

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	Thousands of euros			
	Amortised cost	Fair value through profit or loss in other comprehensive income	Fair value through profit or loss in the income statement	Balance at 31/12/2017
Financial assets:				
Equity instruments	-	84	-	84
Loans to third parties and associated companies	4,816	-	-	4,816
Debtors and other current assets	34,267	-	-	34,267
Derivatives	-	-	64	64
Taxes and bonds received	2,366	-	-	2,366
Cash and cash equivalents	4,287	-	-	4,287
Total financial assets	**45,736**	**84**	**64**	**45,884**
Financial liabilities:				
Debts with credit institutions	38,486	-	-	38,486
Lease liabilities	8,020	-	-	8,020
Trade and other payables	13,885	-	-	13,885
Other financial liabilities	2,004	-	-	2,004
Total financial liabilities	**62,395**	**-**	**-**	**62,395**

	Thousands of euros			
	Amortised cost	Fair value through profit or loss in other comprehensive income	Fair value through profit or loss in the income statement	Balance at 31/12/2016
Financial assets:				
Equity instruments	-	71	-	71
Loans to third parties and associated companies	135	-	-	135
Debtors and other current assets	32,258	-	-	32,258
Taxes and bonds received	2,190	-	-	2,190
Cash and cash equivalents	3,594	-	-	3,594
Total financial assets	**38,177**	**71**	**-**	**38,248**
Financial liabilities:				
Debts with credit institutions	29,614	-	-	29,614
Lease liabilities	5,663	-	-	5,663
Trade and other payables	28,581	-	-	28,581
Derivatives	-	-	555	555
Other financial liabilities	255	-	-	255
Total financial liabilities	**64,113**	**-**	**555**	**64,668**

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	Thousands of euros			
	Amortised cost	Fair value through profit or loss in other comprehensive income	Fair value through profit or loss in the income statement	Balance at 01/01/2016
Financial assets:				
Equity instruments	-	66	-	66
Loans to third parties and associated companies	132	-	-	132
Debtors and other current assets	13,995	-	-	13,995
Taxes and bonds received	1,078	-	-	1,078
Cash and cash equivalents	4,095	-	-	4,095
Total financial assets	**19,300**	**66**	**-**	**19,366**
Financial liabilities:				
Debts with credit institutions	9,729	-	-	9,729
Lease liabilities	3,543	-	-	3,543
Trade and other payables	6,701	-	-	6,701
Debts with Group and associated companies	105	-	-	105
Derivatives	-	-	169	169
Other financial liabilities	195	-	-	195
Total financial liabilities	**20,273**	**-**	**169**	**20,442**

9.1 Financial assets

9.1.1 Debtors and other current assets

The breakdown of "Debtors and other current assets" at the close of the 2018, 2017 and 2016 financial years and as of 1 January 2016 is as follows:

	Thousands of euros			
	31/12/18	31/12/17	31/12/16	01/01/16
Trade receivables for sales and services	49,780	34,207	32,164	13,903
Trade receivables from Group companies and associates	-	-	-	64
Sundry debtors	27	25	25	26
Personnel	3	35	69	2
	49,810	**34,267**	**32,258**	**13,995**

Changes in the provision for impairment losses of accounts receivable are presented below:

	Thousands of euros				
	Initial Balance	Additions	Applications	Withdrawals	Final Balance
2018 Financial Year	384	81	(266)	-	199
2017 Financial Year	345	308	(269)	-	384
2016 Financial Year	358	5	-	(18)	345

The Group always measures expected credit losses as an amount equal to the expected credit losses for the entire life of the asset. The expected credit losses on trade receivables are estimated using a provision matrix in reference to prior defaults and an analysis of the current financial situation of the debtor, adjusted for factors which are specific to the debtors, general economic conditions of the industry in which debtors operate and an analysis of both the current conditions and those expected on the date of the report.

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

The Group retires 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 liquidated or has entered into bankruptcy proceedings.

The risk profile of trade receivables based on the age of the balances is detailed in the following table:

	Thousands of euros			
	Customers not overdue	Customers overdue		
Term	-	0 to 90 days	90 to 180 days	Over 180 days
Balance on 31/12/2018	42,443	4,294	2,557	486
Balance on 31/12/2017	27,943	4,731	1,007	526
Balance on 31/12/2016	7,915	17,335	6,486	428
Balance on 01/01/2016	9,575	2,718	1,535	139

The Group's expected loss is insignificant, as it represents 0.40% and 1.12% of the amount of "Customers for sales and service provisions" as of 31 December 2018 and 2017, respectively (1.07% as of 31 December 2016 and 2.57% as of 1 January 2016).

9.1.2 Current financial assets

Changes during the 2018, 2017 and 2016 financial years under the current financial assets heading is as follows:

2018 Financial Year

	Thousands of euros			
	Initial Balance	Additions	Withdrawals	Final Balance
Loans to third parties	4,816	-	(2,365)	2,451
Derivatives	64	1.454	-	1,518
Other financial assets:				
Short-term deposits	1,948	625	(1,323)	1,250
Short-term guarantees received	72	10	(52)	30
	6,900	**2,089**	**(3,740)**	**5,249**

2017 Financial Year

	Thousands of euros				
	Initial Balance	Additions	Transfers	Withdrawals	Final balance
Loans to third parties	63	4,816	-	(63)	4,816
Derivatives	-	64	-	-	64
Other financial assets:					
Short-term deposits	1,323	1,323	625	(1,323)	1,948
Short-term guarantees received	32	40	-	-	72
	1,418	**6,243**	**625**	**(1,386)**	**6,900**

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2016 Financial Year

	Thousands of euros			
	Initial Balance	Additions	Withdrawals	Final Balance
Loans to third parties	-	63	-	63
Derivatives				
Other financial assets:				
Short-term deposits	750	1,323	(750)	1,323
Short-term guarantees received	27	5	-	32
	777	**1,391**	**(750)**	**1,418**

Loans to third parties

As a result of the sale of the subsidiary company Seguidores Solares Planta 2, S.L. (see note 2), the Group maintains credit with third parties pending payment at the end of the 2018 and 2017 financial years, for 2,451 and 4,123 thousand euros respectively. At the time of the transfer of control, the Group assessed the existing obligations to date and determined that it had fulfilled them in full, which is why it recorded the loss of control and the best estimate regarding the consideration received. The payment of the agreed amounts was subject to compliance with various milestones, which the Group had no obligation or influence on, and which determined the amount to be ultimately received by the Group.

At the end of the 2017 financial year, and as a result of temporary cash provisions, the Company maintains an account receivable from the Solnueve Iniciativas Energéticos, S.A. company, sold during the 2017 financial year (see note 8), for 693 thousand euros (paid in the 2018 financial year).

Short-term deposits

At the close of the 2018 financial year, the Group has established two fixed-term deposits for a total amount of 1,250 thousand euros, three fixed-term deposits for a total amount of 1,948 thousand euros as of 31 December 2017, four fixed-term deposits, of which 1,323 thousand euros are classified under the heading "Current financial assets" in the consolidated financial statement as of 31 December 2016, and deposits as of 1 January 2016 for an aggregate amount of 750 thousand euros classified under the heading "Current financial assets".

Cash and cash equivalents

As of 31 December 2018 and 31 December 2017, the balance of the heading “Cash and other equivalent liquid assets” of the accompanying consolidated financial statement corresponds, in its entirety, to the available liquid balances of the current accounts held by the Group in financial institutions of recognised prestige (same situation as of 31 December 2016 and 1 January 2016).

9.2 Financial liabilities

9.2.1 Current financial liabilities: Debts with current credit institutions

At the end of the 2018, 2017 and 2016 financial years and on 1 January 2016, the breakdown of the current “Debts with credit institutions” heading balance was as follows:

31 December 2018

	Thousands of euros	
	Limit	Short term
Loans	-	9
Credit policies	80,000	69,051
		69,060

31 December 2017

	Thousands of euros	
	Limit	Short term
Loans	-	4,441
Credit policies	11,285	11,091
Import financing lines	26,150	22,941
		38,473

31 December 2016

	Thousands of euros	
	Limit	Short term
Loans	-	2,563
Credit policies	9,985	9,002
Import financing lines	22,135	17,714
Others	-	6
		29,285

1 January 2016

	Thousands of euros	
	Limit	Short term
Loans	-	310
Credit policies	1,750	1,470
Financing confirming	4,200	1,779
Import financing lines	5,550	5,834
Discounted bills payable	1,400	-
Others	-	5
		9,398

On 28 September 2018, the Group formalised a syndicated credit policy and a guarantee line for a total amount of 100 million euros, with the aim of financing its specific supply and installation projects, as well as adapting the conditions of its debt to the market conditions in which it operates.

The credit policy mentioned above, and formalised with a syndicate of financial institutions, is structured in three parts:

- A freely available portion amounting to a maximum of 10 million euros to be used to finance the Group's working capital needs, including the cancellation of all existing short-term debt, as well as to reimburse any amount derived from the execution of the contracted guarantee line.

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- A conditionally available portion amounting to 70 million euros. The provision of this portion is carried out based on the approval of the syndicate of financial institutions for the supply and installation contracts formalised by the Group (hereinafter, the bankable contracts), and their amortisation is conditional on the charges received as a result of these, with the maximum date being the maturity date of the syndicated credit policy. In order to be considered a bankable contract, the Group's customer must have a rating higher than BBB, or present a bank guarantee of first request from a banking institution of recognised prestige.

- A portion of the guarantee line for a maximum amount of 20 million euros to be used as guarantees of supply, installation, faithful compliance or guarantee of the contracts financed in the previous portion.

The maturity date of said credit policy is established as 28 September 2021, extendable annually by the parties' agreement on two occasions. However, the provisions made are expected to be amortised in less than twelve months. For this reason, the presentation of debts with credit institutions are registered under the heading "Debts with current credit institutions". Likewise, this is guaranteed by Group subsidiaries which meet a series of requirements established by contract, their current accounts and future credit rights which are pledged in order to repay the provided portions.

The annual interest rate of the credit policy is calculated on the basis of the Euribor, plus a differential of 250 basis points for the provided portions, a commission of 0.75% on the available and undrawn portion, and a commission for the provision of the guarantee line of 0.2%. The syndicated credit policy has accrued an average interest rate of 2.37% in the 2018 financial year and has incurred a financial expense in the financial year of 415 thousand euros, recorded under the heading "Financial expenses" of the attached consolidated profit and loss statement for the financial year (see note 15).

During the 2018 financial year, the Group has incurred the formalisation and advising costs necessary for the formalisation of the operation, which have been capitalised in order to be accrued on a straight-line basis, based on the operation's maturity for an amount of 1,624 thousand euros.

In accordance with the conditions of the syndicated credit policy as of 31 December 2018, the provided credit portions will be due in advance and immediately enforceable in the event that certain circumstances coincide, including the failure to meet a financial ratio, calculated as the ratio between financial expenses and the profit before *EBITDA*. This ratio will be mandatory for 2018 and subsequent financial years. In addition, the syndicated credit policy contract contains a number of do's and don'ts.

At the close of the 2018 financial year, the Group did not meet this ratio required by the financing contract, although as of the date of these consolidated financial statements' preparation, the sole director of the Parent Company had obtained the exemption from compliance with the ratio as of 31 December 2018. In any case, the failure to meet the required ratio would not have affected the classification in the consolidated financial statements, as the debt is already classified under current liabilities of the consolidated financial statement.

Based on the formalisation of this operation, debts related to the financing of the working capital filed by the Group at the close of the 2017 financial year had been amortised.

In the 2017 financial year, the Group signed certain loan agreements for a total amount of 4 million euros in the short term, principally for the advance payment of VAT receivable and the financing of working capital. In the 2016 financial year, the Group signed loan agreements amounting to 622 thousand euros for the financing of fixed assets.

The average interest rate accrued on the financial debt held by the Group during the 2018 financial year has amounted, approximately, to 1.85% (1.38% in the 2017 financial year and 1.31% in the 2016 financial year).

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9.2.2 Current financial liabilities: Commercial creditors and other accounts payable

Creditors in payment management (confirming)

At the end of the 2018 financial year, within the framework of the syndicated loan formalised during the financial year, the Group has cancelled the financing *confirming* contracts held with financial institutions. As of 31 December 2017 and 2016 and 1 January 2016, the breakdown of the amounts remitted to financial institutions for their management was as follows:

31 December 2017

Thousands of euros			
Limit	Amount under payment management	Expected amount	Available balance
16,200	1,779	3,225	11,196

31 December 2016

Thousands of euros			
Limit	Amount under payment management	Expected amount	Available balance
10,800	1,199	8,043	1,558

1 January 2016

Thousands of euros			
Limit	Amount under payment management	Expected amount	Available balance
4,200	132	1,647	2,421

9.2.3 Non-current financial liabilities

The balance recorded under the heading "Non-current financial liabilities" of the attached consolidated financial statement as of 31 December 2018, 2017 and 2016 and 1 January 2016, presents the following breakdown of maturities at their nominal value:

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	Thousands of euros					
	2020	2021	2022	2023	2024 and subsequent years	Total
Loans with credit institutions	9	-	-	-	-	9
Lease liabilities	1,050	972	856	804	6,386	10,068
Other financial liabilities	-	28	28	28	65	149
	1,059	**1.000**	**884**	**832**	**6,451**	**10,226**

In 2017, the Centre for the Development of Industrial Technology (CDTI) awarded a partially reimbursable aid for the development of a research project related to the evolution of auxiliary and conversion equipment for high-power photovoltaic installations amounting to 148 thousand euros, recorded in the line "Other financial liabilities".

In 2016, the Group signed certain loan agreements for a total amount of 622 thousand euros for the partial financing of certain tangible fixed asset investments, without these elements being subject to collateral.

9.3 Derivative financial instruments

	Thousands of euros			
	31/12/18	31/12/17	31/12/16	01/01/16
Derived financial assets:				
Derivatives classified as hedging instruments accounted for at fair value-				
Forward contracts in foreign currency	1,518	64	-	-
Derivative financial liabilities:				
Derivatives classified as hedging instruments accounted for at fair value-				
Forward contracts in foreign currency	(410)	-	(555)	(169)
	1,108	**64**	**(555)**	**(169)**

As of 31 December 2018, the Group has contracted various exchange rate insurance policies for a nominal amount of 69 million dollars and 63 million reais (nominal amount of 10.7 million dollars at the 31 December 2017 closing and 16.7 million dollars at the 31 December 2016 closing). The fair value of these in the 2018 financial year amounts to 1,108 thousand euros, which is broken down into the "Derivatives" item in the "Current financial assets", "Non-current financial liabilities" and "Current financial liabilities" lines for amounts of 1,518 thousand euros, 171 thousand euros and 239 thousand euros, respectively (an asset for the amount of 64 thousand euros in the 2017 financial year, a liability for the amount of 555 thousand euros at the close of the 2016 financial year and a liability for an amount of 169 thousand euros as of 1 January 2016).

The maturity of these financial instruments will occur during the 2019 financial year, except for those instruments registered in the "Non-current financial liabilities" line whose maturity will occur in 2020.

In this regard, the Group has recorded a profit as a result of the update of the fair value, at the close of the financial year, for the amount of 1,317 thousand euros under the heading "Changes in the fair value of financial instruments" of the attached consolidated income statement for the 2018 financial year, a profit amounting to 1,040 thousand euros at the close of the 2017 financial year and a loss of 555 thousand euros at the close of the 2016 financial year.

10. Inventories

The composition of the "Inventories" heading as of 31 December 2018, 2017 and 2016 and as of 1 January 2016, is shown below:

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	Thousands of euros			
	31/12/18	31/12/17	31/12/16	01/01/16
Goods	10,217	10,281	19,927	1,131
Other supplies	-	-	-	43
Workshop services in progress	1,682	359	125	52
Advances to suppliers	11,665	3,184	2,167	974
	23,564	**13,824**	**22,219**	**2,200**

At the end of the 2018 and 2017 financial years, the Group, on the basis of firm sales agreements with Brazilian and US clients, held stocks in the process of being delivered for 2,791 and 40 thousand euros, respectively, which had been received by the corresponding clients at the date of these consolidated financial statements' preparation (14,583 thousand euros at the end of the 2016 financial year and 789 thousand euros as of 1 January 2016 for firm contracts with Chilean clients).

As of 31 December 2018, 2017, 2016 and 1 January 2016, the Group has not acquired any significant stock purchase commitments, beyond those broken down in the item "Advances to suppliers" included in the heading "Inventories" of the consolidated financial statement, corresponding to the deliveries made to certain suppliers of raw materials used for the preparation and sale of the Group's final product.

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

It is a Group policy to formalise insurance policies in order to cover any potential risks. At the close of the 2018, 2017 and 2016 financial years, the sole director deems that no coverage deficit exists in relation to these risks.

11. Equity

11.1 Share capital

As of 31 December 2018 and 2017, the share capital of the Parent Company is represented by 823,547 shareholdings, with a nominal value of 1 euro each, being fully subscribed and paid up (600 shares, with a nominal value of 1,667 euros each, as of 31 December 2016 and 1 January 2016).

Within the framework of the partial division operation corresponding to the 2017 financial year, as described in note 2.7.a) above, the reduction in the nominal value of shares from 1,667 euros to 1 euro was made public with the issuance of 999,600 shares. Likewise, in the same legal act, the Parent Company reduced its share capital by 177 thousand euros, in reducing its share capital by 176,653 shares. Said deed of reduction of the nominal value and partial division was registered in the Commercial Registry of Murcia on 5 December 2017.

At the close of the 2018, 2017 and 2016 financial years and on 1 January 2016, the legal entities with a shareholding equal to or greater than 10% of the share capital of the Parent Company are as follows:

	Shareholding (%)
Grupo Corporativo Sefran, S.L.	70
Valueteam, S.L.	30

At the close of the 2018, 2017 and 2016 financial years and 1 January 2016, there are no shareholders' agreements between the partners of the Parent Company.

11.2 Reserves

The composition of this heading of the attached consolidated financial statements as of 31 December 2018, 2017 and 2016 and 1 January 2016, is as follows:

	Thousands of euros			
	31/12/18	31/12/17	31/12/16	01/01/16
Legal reserve	200	200	200	200
Other Parent Company reserves	14,823	6,326	7,750	2,170
Reserves in fully consolidated companies	(2,450)	(2,598)	(192)	(726)
Reserves in investments accounted for using the equity method	-	-	(22)	(86)
Total reserves	**12,573**	**3,928**	**7,736**	**1,558**

Legal reserve

In accordance with the Capital Companies Act, limited liability companies should allocate an amount equal to 10% of the financial year's profit to the legal reserve until it reaches at least 20% of the share capital. The legal reserve may be used only to increase share capital. Except for the aforementioned purpose, and as long as it does not exceed 20% of the share capital, this reserve may only be used to offset losses and only provided that there are no other sufficient reserves available for this purpose.

As of 31 December 2018, 2017 and 2016 and 1 January 2016, the legal reserve is fully constituted.

Other Parent Company reserves - Unavailable reserves

In accordance with the applicable regulations, until the research and development expenses item has been fully amortised, the distribution of dividends is prohibited, unless if the amount of available reserves is, at least, equal to the amount of unamortised balances.

Consequently, at the close of the 2018 and 2017 financial years, the balance of the heading "Other reserves" was unavailable for an amount of 1,047 and 1,052 thousand euros, respectively (1,118 thousand euros at the close of the 2016 financial year and 1,158 thousand euros as of 1 January 2016).

During 2018 and previous financial years, the Parent Company has made use of the provision included in Law 27/2014 of 27 November, regarding corporate tax, to reduce its tax base by an amount of 10% of the increase in its equity.

As a result of the application of this measure, the Parent Company reduced its fiscal tax base for the 2017 and 2016 financial years by 326 thousand euros and 193 thousand euros, respectively. In accordance with the aforementioned regulations, the Parent Company maintains a reserve through capitalisation of the amount of the tax base reduction of said financial year, which must remain unavailable for a period of 5 years from the time of its provision.

As a result of the corporate tax revision for previous financial years as described in note 13, the sole director of the Parent Company has classified the "Levelling reserve" as available as of 31 December 2017, which was unavailable for the amount of 909 thousand euros as of 31 December 2016.

Likewise, as a result of the application of the 2018 financial year income, the sole director has provided a capitalisation reserve amounting to 322 thousand euros, which has not been applied to corporate tax for the financial year and which may reduce the tax base in the next two financial years (see note 13).

Similarly, the subsidiary Soltec Brasil Industria, Comercio e Serviços de Energías Renovaveis, LTDA. is considered a high-tech company and is therefore exempt from value added tax (ICMS). Said exemption, in accordance with Brazilian local regulations, is considered an unavailable reserve for the amount of 2,808 thousand euros in 2018 and 332 thousand euros in 2017, for a period of 10 years.

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Reserves in fully consolidated companies

The composition per subsidiary company within this item included under the heading of reserves of the attached consolidated financial statements as of 31 December 2018, 2017 and 2016 and 1 January 2016, is as follows:

	Thousands of euros			
	31/12/18	31/12/17	31/12/16	01/01/16
Soltec Energie Rinnovabili, S.L.	(201)	(199)	(239)	(13)
Soltec America LLC	(4,591)	(413)	(701)	(543)
Soltec Chile, SpA	(2,759)	(1,984)	836	(98)
Soltec Brasil Industria Comercio e Serviços de Energias Renovaveis Ltda.	4,395	111	(75)	4
Soltec Energías Renovables, SAC	(294)	122	-	-
Seguidores Solares Soltec S.A. de CV (Mexico)	1,210	(235)	-	-
Soltec Trackers PVT Private Limited	(137)	-	-	-
Soltec Australia Pty Limited	(73)	-	-	-
Solluz P.V.X., S.L.	-	-	-	(72)
Seguidores Solares Planta 2, S.L.	-	-	(14)	(4)
	(2,450)	**(2,598)**	**(193)**	**(726)**

Reduction of equity resulting from a sale of interests and credits

During the 2016 financial year, the Parent Company sold all interests and credits held with the company Solluz P.V.X., S.L. The equity effect of said transaction has resulted in:

- The reduction of the Parent Company reserves by the amount of 1,025 thousand euros, corresponding to accumulated impairments in previous financial years on the interests and credits held with said subsidiary.

- The reduction of reserves in consolidated companies by the amount of 8 thousand euros corresponding to reserves contributed by Solluz P.V.X, S.L. on the transaction date (mid-2016).

- Revenue under the heading "Other results" amounting to 158 thousand euros, which includes the difference between the sale price of the interest and the net value of the investment in the subsidiary, as well as the income contributed by it from 1 January 2016 until its sale date in mid-2016.

11.3 Accumulated earnings

The composition of this heading of the attached consolidated financial statements as of 31 December 2018, 2017 and 2016 and 1 January 2016, is as follows:

	Thousands of euros			
	31/12/18	31/12/17	31/12/16	01/01/16
Previous years' losses	-	-	-	(628)
Retained earnings	1,229	1,306	1,306	1,306
Income for the financial year attributed to the Parent Company	(136)	8,649	(570)	7,879
Total accumulated earnings	**1,093**	**9,955**	**736**	**8,557**

Contribution of Group companies to the income attributed to the Parent Company

The contribution of each company within the scope of consolidation to the consolidated income of the 2018, 2017 and 2016 financial years, attributable to the Parent Company is as follows:

Company	Thousands of euros		
	2018	2017	2016
Soltec Energías Renovables, S.L.U.	168	8,148	1,857
Soltec Energie Rinnovabili S.r.L.	-	(2)	41
Soltec America L.L.C.	311	(4,178)	279
Soltec Chile S.p.A.	(263)	(775)	(2,820)
Soltec Brasil Industria Comercio e Serviços de Energias Renovaveis Ltda.	(310)	4,282	186
Soltec Energías Renovables S.A.C.	(172)	(416)	123
Seguidores Solares Soltec S.A. de CV	(121)	1,800	(235)
Soltec Trackers PVT Private Limited	153	(137)	-
Soltec Australia Pty Limited	90	(73)	-
Soltec Argentina, S.r.L.	8	-	-
Seguidores Solares Planta 2, S.L.	-	-	(1)
	(136)	**8,649**	**(570)**

12. Guarantees and contingencies

a) Guarantees and commitments with third parties

The guarantees and commitments with third parties are broken down below

Sureties and guarantees	Thousands of euros		
	31/12/18	31/12/17	31/12/16
Banking	6,493	1,565	1,785
Security	19,333	21,470	17,284
Group Companies	5,533	5,533	-
	31,359	**28,568**	**19,069**

The Group has a series of guarantees contracted with banks and insurance companies in order to ensure compliance with the obligations to customers during the installation, marketing and warranty of solar trackers.

Meanwhile, the committed guarantees are due to obligations contracted by the Group 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 the electrical components there is a five-year guarantee, while the structural components present ten-year guarantees. For the estimation of the provision of guarantees, the Group only considers the guarantee of electrical components to the extent that the possible structural damages arising from the rest of the materials are covered by insurance contracted with third parties, as well as by the counter-guarantee itself, from the supplier that supplies these materials.

In relation to the aforementioned guarantees, the sole director of the Parent Company does not expect additional liabilities to be accrued for these which could significantly affect these consolidated financial statements.

b) Pledged assets

The following table presents the breakdown of the carrying amount of pledged assets as of 31 December 2018, 2017 and 2016:

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Pledged assets	Thousands of euros		
	31/12/18	31/12/17	31/12/16
Debtors and other current assets			
Trade receivables	20,563	-	-
Current financial assets			
Other current financial assets	-	1,663	1,663
Cash and cash equivalents	19,140	-	-
	39,703	**1,663**	**1,663**

In the 2018 financial year, the pledged assets (collection rights on projects and current accounts) amounting to a total of 39,703 thousand euros, correspond to the real guarantees given in order to obtain the financing of the syndicated loan described in note 9.2.

In the 2017 and 2016 financial years, the pledged assets related to "Other current financial assets" correspond to fixed-term investments pledged as part of the existing financing.

13. Tax situation

a) Current balances with public administrations

The composition of current balances with public administrations is as follows:

	Thousands of euros	
	Balance balance	Balance creditor
31/12/2018:		
Public Finance-		
Debt for VAT	1,726	-
Withholding credit	-	390
Debt for foreign VAT	7,596	-
Credit for foreign VAT	-	391
Social Security Bodies	-	381
	9,322	**1,162**

	Thousands of euros	
	Balance balance	Balance creditor
31/12/2017:		
Public Finance-		
Debt for VAT	983	-
Withholding credit	-	266
Debt for foreign VAT	4,159	-
Credit for foreign VAT	-	1,349
Withholdings for other taxes	507	-
Social Security Bodies	-	368
	5,649	**1,983**

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	Thousands of euros	
	Balance balance	Balance creditor
31/12/2016:		
Public Finance-		
Debt for VAT	2,400	-
Withholding credit	-	70
Debt for foreign VAT	199	-
Credit for foreign VAT	-	380
Withholdings for other taxes	360	-
Social Security Bodies	-	368
	2,959	**818**

	Thousands of euros	
	Balance balance	Balance creditor
01/01/16:		
Public Finance-		
Debt for VAT	289	-
Israel Debt	37	-
Withholding credit	-	115
Debt for foreign VAT	3	-
Credit for foreign VAT	-	83
Withholdings for other taxes	216	-
Social Security Bodies	-	209
	545	**407**

b) Reconciliation of consolidated accounting result before taxes and corporate tax expense

The reconciliation of the pre-tax consolidated accounting income for the 2018 and 2017 financial years (and the 2016 financial year) and the corporate tax expense is as follows:

	Thousands of euros		
	2018	2017	2016
Pre-tax consolidated accounting income	(1,047)	10,896	126
Exchange rate adjustments	71	21	(5)
Permanent differences:			
Parent Company permanent differences	(339)	(7,338)	34
Subsidiary permanent differences	(897)	(705)	-
Income of companies accounted for using the equity method	-	-	(108)
Temporary differences:			
Parent Company temporary differences	(36)	1,542	(125)
Subsidiary temporary differences	-	(194)	-
Capitalised tax bases	2,023	-	-
Non-capitalised tax bases	305	5,571	3,013
Capitalisation reserve applied	-	(326)	(193)
Tax rate (29% -27%)	**22**	**2,589**	**807**
Capitalisation reserve not applied	-	-	(27)
Deductions	-	(69)	(132)
Previous fiscal year tax adjustments	272	45	(61)
Exchange rate adjustments with effect on current tax	(18)	46	100
Total current tax expense	**276**	**2,611**	**687**
Total expenses (income) for deferred tax	9	(363)	9
Activation of negative tax bases	(669)	-	-
Previous financial years deferred tax adjustments	(527)	-	-
Total expense / (income) for tax recognised in the consolidated income statement	**(911)**	**2,248**	**696**

The tax rate used in the above reconciliation is the effective Group rate in each financial year, being 28% for 2018, 27% for 2017 and 29% for 2016.

During the 2018 and 2017 financial years, the sole director has reviewed the corporate tax estimate for previous years and has proceeded to adjust various permanent differences in the statements of previous financial years, and as such has recorded an expense amounting to 272 and 45 thousand euros, respectively (revenue of 61 thousand euros in the 2016 financial year).

Likewise, the capitalisation of the previous financial years' negative tax bases, as well as the deterioration of Group interests and companies has been carried out, among others, which has resulted in revenue in the consolidated income statements for the 2018 financial year of 528 thousand euros, to the extent that the sole director of the Parent Company considers a part of the subsidiary losses recorded in previous years to be recoverable, given the medium-term business projections.

c) Recorded deferred tax assets

Changes during the 2018, 2017 and 2016 financial years are as follows:

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2018 Financial Year

	Thousands of euros			
	31/12/17	Additions	Reversion	31/12/18
Deferred tax assets of the Parent Company:				
Credit impairment with Group companies	59	278	-	337
Elimination of commercial margin in transactions	63	75	(62)	76
Others	123	84	(163)	44
Subsidiary deferred tax assets:				
Credits for losses to be offset	-	1,009	-	1,009
	245	**1,446**	**(225)**	**1,466**

2017 Financial Year

	Thousands of euros			
	31/12/16	Additions	Reversion	31/12/17
Deferred tax assets of the Parent Company:				
Credit impairment with Group companies	58	1	-	59
Elimination of commercial margin in transactions	-	63	-	63
Others	32	91	-	123
	90	**155**	**-**	**245**

2016 Financial Year

	Thousands of euros			
	01/01/16	Additions	Reversion	31/12/16
Deferred tax assets of the Parent Company:				
Credit impairment with Group companies	168	-	(133)	35
Impairment of Group company interests	148	-	(125)	23
Others	36	23	(27)	32
	352	**23**	**(285)**	**90**

During the 2018 financial year, the Company has proceeded to capitalise the previous years' negative tax bases from Chile, the United States and Brail for an amount of 1,267 thousand euros. The compensation of the previous tax losses depends on the particular conditions stipulated in the local legislation of the country of origin, with there being no time limit for compensation except in the United States, for an amount of 219 thousand euros with a time limit of 20 years.

The deferred tax assets indicated above have been recorded in the consolidated statement of financial position as the Group considers that, in accordance with the best estimate of its future results, including certain fiscal planning actions, it is probable that such assets will be recovered.

d) Deferred tax liabilities

Changes during the 2018, 2017 and 2016 financial years are as follows:

2018 Financial Year

	Thousands of euros			
	31/12/17	Additions	Reversion	31/12/18
Lease liability	8	9	-	17
Unrestricted depreciation	97	27	(97)	27
	105	**36**	**(97)**	**44**

2017 Financial Year

	Thousands of euros			
	31/12/16	Additions	Reversion	31/12/17
Lease liability	-	8	-	8
Unrestricted depreciation	385	-	(288)	97
Levelling reserve	227	-	(227)	-
	612	**8**	**(515)**	**105**

2016 Financial Year

	Thousands of euros			
	01/01/16	Additions	Reversion	31/12/16
Lease liabilities	-	-	-	-
Unrestricted depreciation	403	65	(83)	385
Levelling reserve	227	-	-	227
	630	**65**	**(83)**	**612**

e) Exercises pending verification and inspection actions

Under current law, taxes cannot be considered definitively settled until the tax returns filed have been inspected by the tax authorities or until the four-year statute of limitations period has expired.

The Group presents non-capitalised negative tax bases associated with negative income accumulated in recent financial years from subsidiaries located in the United States, Chile, Peru and Mexico, whose amount, valued at the closing exchange rate, amounts to 7,555 and 8,745 thousand euros for the 2018 and 2017 financial years, respectively (3,368 thousand euros in the 2016 financial year). Offsetting of the above tax losses depends on the particular conditions stipulated in the local legislation of the country where they originate.

Likewise, according to Brazilian tax regulations concerning Legal Persons Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL), the possibility of the compensation of negative tax bases in the following years is established with an annual limit of 30% of the IRPJ and of the CSLL due each year, with no maximum deadlines for the compensation of said negative tax bases. Such taxes cannot be considered definitively settled until the returns provided have been inspected by the Brazilian tax authorities or the five-year statute of limitations has elapsed after closure.

At the close of the 2018 financial year, the Group has had the last four financial years open for inspection for corporate tax in Brazil and Mexico, and the last five financial years for the rest of the Group, as well as the last four financial years for the remaining applicable taxes.

The sole director of the Parent Company deems that the Group has adequately carried out the settlement of the aforementioned taxes, and as such, even in case of discrepancies in the applicable

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legal interpretation for the tax treatment granted to the operations, any resulting liabilities, if any were to materialise, would not significantly affect these consolidated financial statements.

14. Related parties

a) Operations with related parties

Operations carried out with related parties during the 2018, 2017 and 2016 financial years are detailed as follows:

2018 Financial Year

	Thousands of euros	
	Majority shareholder	Other related parties
Revenue	13	261
Services provided	-	146
Services received	-	(1,602)
Finance costs	-	(222)
Financing granted and collected during the financial year	-	668
Financing granted during the financial year	-	(7)
Financing received and returned during the fiscal year	-	(1,338)

2017 Financial Year

	Thousands of euros	
	Majority shareholder	Other related parties
Revenue	-	183
Services provided	-	68
Services received	-	(2,318)
Finance costs	(19)	(121)
Purchase of intangible assets	-	144
Sale of associated companies	1,955	836
Net book value of spin-off assets	-	128
Financing granted and collected during the financial year	-	551
Financing granted during the financial year	-	(1,163)
Financing received during the fiscal year	-	1,338
Collection of dividends	-	81
Payment of dividends	(2,359)	(1,011)

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2016 Financial Year

	Thousands of euros		
	Majority shareholder	Associated companies	Other related parties
Revenue	-	3	141
Services provided	-	-	97
Services received	-	-	(2,985)
Finance costs	(105)	-	(54)
Associated companies' financial revenue	-	108	-
Financial revenue from credits	-	4	-
Dividends received	-	128	-

The balance of the "Services received" account includes, among others, the expense recorded as a consequence of the logistics and sales transport services carried out by Grupo Morarte Logistics, related to the majority partner of the Parent Company.

During the 2017 financial year, the Group granted additional financing provisions to the Solnueve Iniciativas Energéticas, S.A., company sold during the financial year (see note 8), for an amount of 1,163 thousand euros. Likewise, it has received collections from said company amounting to 551 thousand euros. During the 2018 financial year, the Group has collected the entire amount due by this company as of 31 December 2017.

Likewise, during the 2017 financial year, it received a temporary cash provision from Valueteam, S.L. (minority partner of the Parent Company) amounting to 1,200 thousand euros. This temporary cash provision has been returned during the 2018 financial year.

b) Balances with related parties

The balances with related parties as of 31 December 2018, 2017 and 2016 and as of 1 January 2016 are detailed as follows:

31 December 2018

	Thousands of euros	
	Majority shareholder	Other related parties
Non-current financial assets	-	2
Debtors and other current assets	-	267
Current financial assets	-	32
Other non-current financial liabilities	-	(4,115)
Other current financial liabilities	-	(1)
Trade and other payables	-	(28)

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31 December 2017

	Thousands of euros	
	Majority shareholder	Other related parties
Non-current financial assets	-	2
Debtors and other current assets	-	94
Loans to companies	-	693
Other current assets	-	111
Other non-current financial liabilities	-	(3,307)
Other current financial liabilities	-	(1,812)
Trade and other payables	-	(237)

31 December 2016

	Thousands of euros		
	Majority shareholder	Minority shareholder	Other related parties
Non-current financial assets	-	72	2
Debtors and other current assets	-	-	97
Current financial assets	-	81	-
Other non-current financial liabilities	-	-	(2,150)
Other current financial liabilities	-	-	(204)
Trade and other payables	-	-	(42)

1 January 2016

	Thousands of euros		
	Majority shareholder	Minority shareholder	Other related parties
Non-current financial assets	-	-	2
Debtors and other current assets	-	-	141
Other current financial liabilities	(105)	-	(73)
Trade and other payables	-	-	(2)

Fundamentally, the group records under the heading "Other non-current financial liabilities" and "Other current financial liabilities", the amounts corresponding to the account payable as a result of the lease agreement with the related company Sefran Blends, S.L., corresponding to the lease of certain warehouses located in Spain where the Parent Company carries out part of its activities.

c) *Remuneration and other benefits to the sole director of the Parent Company the Group's senior management*

During the 2018 and 2017 financial years, the sole director of the Parent Company (a man), who has also been part of exercising senior management duties, has earned 322 and 227 thousand euros, respectively, in monetary income (40 thousand euros in the year 2016). In addition, it has not earned amounts classified as income in kind for its work as senior management in any of the periods.

There has been no compensation for the dismissal or layoff of senior management during the 2018, 2017 and 2016 financial years. No advances or loans have been granted to the sole director of the Parent Company.

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The Group has not assumed any obligation on behalf of the sole director of the Parent Company. Likewise, at the close of the 2018, 2017 and 2016 financial years, no obligation has been incurred by the Group with regard to pensions or the payment of life insurance premiums for the sole director of the Parent Company.

The sole director of the Parent Company's civil liability insurance premium for damages caused by his acts or omissions amounts to 7 thousand euros in the 2018 financial year, with no amount being accrued in the 2017 and 2016 financial years.

15. Revenue and expenses

a) Revenue from ordinary activities from contracts with customers

The Group obtains its revenue from contracts with customers, largely, over time through the following activities of selling products and providing services. This is consistent with the revenue information broken down in note 4 "Segment information".

	Thousands of euros		
	2018	2017	2016
Supply of trackers	152,058	162,094	50,645
Installation services	11,371	13,804	10,925
Operation and maintenance services	2,144	1,011	1,951
Others	381	1	565
	165,954	**176,910**	**64,086**

The price of the transaction assigned to (partially) unsatisfied performance obligations is detailed below.

	Thousands of euros		
	2018	2017	2016
Supply of trackers	19,176	20,439	66,187
Installation services	-	2,376	19,652
Operation and maintenance services	4,091	-	-
	23,267	**22,815**	**85,839**

The amounts relating to unsatisfied contracts at the close of the 2018 and 2017 financial years have been recorded under the net amount of the consolidated income statement turnover during the following financial year, that is to say 2019 and 2018, respectively (in 2017, for unsatisfied contracts in the 2016 financial year).

Contractual asset

In the event that the production amount at the beginning of each of the installation services provided is higher than the amount invoiced, the difference between these is recorded as a contractual asset. At the close of the 2018 and 2017 financial years, the Group maintains balances for contractual assets amounting to 799 and 2,153 thousand euros, respectively (1,449 thousand euros at the close of the 2016 financial year).

b) Supplies

The balance of the "Supplies" heading of the 2018, 2017 and 2016 financial years is composed as follows:

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	Thousands of euros		
	2018	2017	2016
Goods purchases	125,181	100,128	53,311
Variation in inventories	64	9,645	(18,753)
Works carried out by other companies	2,319	5,020	1,510
	127,564	**114,793**	**36,068**

The distribution of merchandise purchases and stock variations in the 2018, 2017 and 2016 financial years, distributed by geographic areas, is as follows:

	Thousands of euros		
	2018	2017	2016
Spain and Portugal	34,118	29,536	22,284
Brazil	22,078	19,121	977
China	66,019	60,696	10,936
Others (*)	3,029	421	360
	125,244	**109,774**	**34,557**

(*) Others: Germany, Taiwan, France, Hong Kong, Mexico, Austria, Israel, the United States, Finland, Italy, the Czech Republic and Tunisia.

The section corresponding to "Work carried out by other companies" includes the expense for solar tracker installation work subcontracted to third parties. This expense has been reduced mainly by the completion of installation projects which took place during the previous year in Brazil and Mexico.

c) Other operating revenue

The balance of the heading "Other operating revenue" for the 2018, 2017 and 2016 financial years is composed as follows:

	Thousands of euros		
	2018	2017	2016
Commissions	19	19	18
Miscellaneous services	587	826	564
	606	**845**	**582**

The balance of the "Miscellaneous services" account principally includes the amount invoiced to third parties for services related to the maintenance, repairs and upkeep of solar farms owned by third parties. This item also includes services invoiced to related parties for advisory services (see note 14).

d) Social contributions

The heading "Personnel expenses" of the attached consolidated income statements corresponding to the 2018, 2017 and 2016 financial years includes expenses for wages, salaries and social contributions. The latter correspond to social security expenses payable by the company, as shown below:

	Thousands of euros		
	2018	2017	2016
Wages and salaries	12,405	16,641	7,971
Social contributions:	3,143	4,846	1,479
Social security contributions payable by the company	3,143	3,736	1,315
Other social contributions	-	1,110	164
	15,548	**21,487**	**9,450**

e) Other operating expenses

The heading "Other operating expenses" of the attached consolidated income statements for the 2018, 2017 and 2016 financial years is composed as follows:

	Thousands of euros		
	2018	2017	2016
External services	*19,917*	*28,190*	*16,832*
Leases and fees	2,263	3,556	2,354
Repairs and maintenance	588	1,026	574
Independent professional services	2,616	2,867	2,232
Transport	9,190	14,350	8,124
Insurance premiums	563	560	163
Bank services and similar items	452	334	138
Advertising and publicity	955	741	479
Supplies	588	855	275
Other services	2,702	3,901	2,493
Taxes	*104*	*2,291*	*141*
Losses, impairment and changes in provisions for commercial operations	*81*	*338*	*(13)*
	20,102	**30,819**	**16,960**

The amount included in the item "Leases and fees" corresponds essentially to the lease expense recorded as a consequence of the lease agreements that are excluded from the accounting for the lessee established in IFRS 16 due to its short duration (term 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 and vehicle services. Similarly, variable income payments are included in this account that do not depend on an index or rate and are not included in the measurement of the lease liability and the right to use asset (see note 2.7. f)).

The amount included in the item "Independent professional services" corresponds, principally, to the expenses incurred for technical assistance in the projects carried out. Likewise, the amount included in the item "Transport" corresponds, principally, to the expenses incurred in transporting the stock to its destination. The fall in the 2018 financial year in comparison to the previous financial year corresponds to a lower volume of services contracted along with an improvement in their efficiency and management. Likewise, the increase in the 2017 financial year in comparison to the 2016 financial year is mainly a consequence of the increase in the volume of goods transported due to the increase in the net amount of the turnover.

The amount included in the item "Other services" corresponds, principally, to the travel and living expenses incurred by Group personnel in the execution of different international projects carried out by the Group.

f) Financial expenses

The "Financial expenses" heading of the attached consolidated income statements for the 2018, 2017 and 2016 financial years is as follows:

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	Thousands of euros		
	2018	2017	2016
Interest on credit policies	933	152	47
Import lines interests	567	622	220
Factoring interests	1	261	-
Other financial expenses	857	621	724
Total financial expenses	**2,358**	**1,656**	**991**

The "Other financial expenses" item includes interest corresponding to lease liabilities, amounting to 314 and 272 thousand euros in 2018 and 2017, respectively (179 thousand euros in 2016) (see note 7). Additionally, this item includes the financial expenses accrued as a result of the advance of the trade receivables through customers' *confirming*.

16. Subsequent events

On 23 December 2019, the general shareholders' meeting of Soltec Power Holdings, S.A. was held, a company incorporated in the same way in December 2019, after which the execution of an increase in the share capital of said company by means of non-monetary contributions was made public.

The proposed capital increase was exclusively addressed to the shareholders of the Parent Company, i.e. Valueteam, S.L. (hereinafter, Valueteam) and Grupo Corporativo Sefran, S.L. (hereinafter, Sefran). In this sense, the contribution made by Sefran and Valueteam consisted of the total of 823,490 shareholdings of 1 euro of par value each, which make up the entire capital of the Parent Company.

The following table shows the identification of the partners of the Partner Company who make the non-monetary contributions in consideration of the new shares of the Parent Company issued in the framework of the capital increase:

Contributor Name	Shareholding it contributes	Number of shares in Soltec Power Holdings, S.A. it subscribes
Sefran	576,443	8,400,000
Valueteam	247,047	3,600,000

As mentioned in note 1, Soltec Power Holdings, S.A. is established as the sole shareholder of the parent Company as of the date of the preparation of these annual financial statements.

The global spread of the COVID-19 coronavirus led to it being classified a pandemic by the World Health Organization on 11 March. Such events could cause, among others, delays in the supply chain due to problems at factories, delays in logistics services, impacts on employees or third parties due to quarantine periods or infection, and the slowdown of global economic growth and, therefore, domestic growth. Taking into account the complexity of the markets due to their globalisation and the absence, for the time being, of an effective medical treatment against the virus, the consequences for the Group's operations are uncertain and will largely depend on the evolution and spread of the pandemic in the coming months, as well as how all the economic players involved in the crisis react and adapt.

Therefore, at the date of preparation of these consolidated annual accounts, it is premature to carry out a detailed assessment or quantification of the possible impacts that COVID-19 will have on the Group, due to the uncertainty about its consequences, in the short, medium and long term.

However, to date the Group has managed to uphold its supply chain, so there has been no significant drop in business, and this is not expected to happen in the coming months as a result of the contracts currently signed and pending execution. However, this assessment will depend on the duration of the pandemic and its future evolution.

Nevertheless, the Group's sole director has performed a preliminary assessment of the current situation based on the best information available. Due to the aforementioned considerations, said information may be incomplete or inaccurate. The results of this assessment include the following aspects, among others:

- Liquidity risk: the general situation of the markets could lead to a general increase in liquidity stress in the economy, as well as a contraction of the credit market. In this sense, as of the date of preparation of these financial statements, the Group has liquid assets, as well as undrawn credit and financing lines. Likewise, in order to meet specific liquidity needs, the sole shareholder, as well as other related companies, could sign loans with the Group, which in the opinion of the sole director, will help them cope with said stress.

- Operational risk: the ever-changing and unpredictable situation could lead to the risk of temporary interruption of production/sales or, when applicable, a temporary breakdown of the supply chain. Therefore, the Group has set up specific working groups and procedures to monitor and manage the evolution of its operations at all times, in order to minimise the impact on its business. Protocols have been adopted and implemented to guarantee compliance with the standards approved in Royal Decree-Law 6/2020 and Royal Decree 463/2020, whether concerning subcontractors, staff and offices where teleworking has been introduced for all jobs possible. The instructions of the Group's prevention service have been followed, which have chiefly taken into account the "Response Procedure for the Prevention of Occupational Health & Safety Services from Exposure to the Novel Coronavirus (SARS-COV-2)" of 5 March 2020, published by the Spanish Ministry of Health, as well as successive publications or updates.

  After the entry into force of Royal Decree-Law 10/2020 of 29 March, which regulates a recoverable paid leave for non-key workers, the Group has continued business with almost total normality by maintaining export contracts with international clients and providing services for the key industry of electricity supply. This has only caused a five-day interruption in installation projects based in Spain and a one-day partial stoppage of international deliveries. In the opinion of the sole director, this interruption in business is not significant for the year as a whole and it hopes to recover lost business through the recovery of working hours via the mechanisms provided by the Royal Decree-Law itself.

- Recognition of revenue and credit risk: the Group's management team is also monitoring the impact which this situation is having on contracts already signed and on its customers, in terms of the potential amendments which may occur may be made to said contracts (cancellations or variations in the estimates of recognition of revenue), as well as evaluating the recoverability of rights to be paid. In this sense, the sole director understands that the fact of upholding 95% of its accounts receivable (see note 3.1) and having the majority of customers within the electricity industry, which is considered an industry resilient to global economic crises and has been considered essential despite the impact of the pandemic, means that with the information currently available, no significant impact is expected on credit risk or on the Group's recognition of revenue.

- Impairment of assets: taking into account all the aforementioned factors and the information currently available, the Group's management team and sole director have not made a substantial modification to its future business plan and, therefore, do not expect said factors to have a major impact on the impairment of intangible assets, materials or the recoverability of stocks. Likewise, they do not expect them to have a significant impact on the Group's leasing contracts, which, in accordance with IFRS 16, are registered under the heading "Rights to use".

- Going concern: taking into account all the aforementioned factors, the sole director considers that the application of the going concern principle remains appropriate.

Lastly, it should be noted that the sole director and the Group's management team are constantly monitoring the development of the situation, in order to successfully tackle any possible financial and non-financial impacts which may occur.

There have been no subsequent events after the close of the 2018 financial year to date which could have a significant impact on the consolidated financial statements.

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Annex I - Subsidiaries forming part of the consolidation perimeter

31 December 2018

Company Name	Address	Activity	Proprietary Company	Direct	Indirect	Share capital	Reserves	Accumulated earnings	Total Net Equity	Functional Currency
Soltec Energie Rinnovabili S.r.L.	Viale A. Gramsci, 20. Firenze (Italy)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	10	85	-	95	Euro
Soltec America L.L.C.	3050 Osgood Court. Fremont (California - United States)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	3	-	(4,158)	(4,155)	US Dollar
Soltec Chile S.p.A.	Av. Bosque Norte 0134 Floor 7. Community of las Condes (Santiago de Chile - Chile)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	1	990	(3,803)	(2,812)	Chilean Peso
Soltec Brasil Industria Comercio e Serviços de Energias Renovaveis Ltda.	Rua Dr. Barreto, 483, Lauro de Freitas, Estado de Bahía (Brasil)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	190	4,288	(194)	4,284	Brazilian Real
Soltec Energías Renovables S.A.C.	Avenida República de Panamá No. 3576, Lima (Peru)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	99.67%	-	1	123	(590)	(466)	Sol
Seguidores Solares Soltec S.A. de CV	Oxford 30. Juarez (Mexico)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	3	-	1.080	1,083	Mexican Peso
Soltec Trackers PVT Private Limited	303, 3rd Floor, Tower 1 DLF Corporate Park, DLF Phase - 3, Gurgaon, Haryana 122002 (India)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	399	(135)	152	416	Indian Rupee
Soltec Australia, PTY LTD.	300 Barangaroo Avenue, Level 24, Three International Towers, Barangaroo NSW 2000 (Australia)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	1	-	17	18	Australian Dollar
Soltec Argentina, S.R.L.	Avenida del Libertador 498, 3rd Floor, 1001. Buenos Aires (Argentina)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	95.00%	-	1	-	8	9	Argentine Peso

[1] The amounts are shown in thousands of euros. In the case of subsidiaries with a functional currency other than the euro, the information has been converted to euros using the accounting principles for the conversion of financial statements into foreign currency.

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31 December 2017

Company Name	Address	Activity	Proprietary Company	Direct	Indirect	Share capital	Reserves	Accumulated earnings	Total Net Equity	Functional Currency
Soltec Energie Rinnovabili S.r.L.	Viale A. Gramsci, 20. Firenze (Italy)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	10	87	(2)	95	Euro
Soltec America L.L.C.	3050 Osgood Court. Fremont (California - United States)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	3	-	(4,481)	(4,478)	US Dollar
Soltec Chile S.p.A.	Av. Bosque Norte 0134 Floor 7. Community of las Condes (Santiago de Chile - Chile)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	1	990	(3,595)	(2,604)	Chilean Peso
Soltec Brasil Industria Comercio e Serviços de Energias Renovaveis Ltda.	Rua Dr. Barreto, 483, Lauro de Freitas, Estado de Bahía (Brasil)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	190	-	4,399	4,589	Brazilian Real
Soltec Energías Renovables S.A.C.	Avenida República de Panamá No. 3576, Lima (Peru)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	99.67%	-	1	123	418	(294)	Sol
Seguidores Solares Soltec S.A. de CV	Oxford 30. Juarez (Mexico)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	3	-	1,568	1,571	Mexican Peso
Soltec Trackers PVT Private Limited	303, 3rd Floor, Tower 1 DLF Corporate Park, DLF Phase - 3, Gurgaon, Haryana 122002 (India)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	181	-	(136)	45	Indian Rupee
Soltec Australia, PTY LTD.	300 Barangaroo Avenue, Level 24, Three International Towers, Barangaroo NSW 2000 (Australia)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	1	-	(74)	(73)	Australian Dollar

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31 December 2016

Company Name	Address	Activity	Proprietary Company	Direct	Indirect	Share capital	Reserves	Accumulated earnings	Total Net Equity	Functional Currency
Seguidores Solares Planta 2, S.L.	P.I. La Estrella Calle Aldebarán 58-59, Molina de Segura (Spain)	Power generation	Soltec Energías Renovables, S.L.U.	84.98%	-	3	(3)	397	397	Euro
Soltec Energie Rinnovabili S.r.L.	Viale A. Gramsci, 20. Firenze (Italy)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	10	46	41	97	Euro
Soltec America L.L.C.	3050 Osgood Court. Fremont (California - United States)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	3	-	(314)	(311)	US Dollar
Soltec Chile S.p.A.	Av. Bosque Norte 0134 Floor 7. Community of las Condes (Santiago de Chile - Chile)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	1	832	(2,818)	(1,985)	Chilean Peso
Soltec Brasil Industria Comercio e Serviços de Energias Renovaveis Ltda.	Rua Dr. Barreto, 483, Lauro de Freitas, Estado de Bahía (Brasil)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	190	-	112	302	Brazilian Real
Soltec Energías Renovables S.A.C.	Avenida República de Panamá No. 3576, Lima (Peru)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	99.67%	-	1	-	123	124	Sol
Seguidores Solares Soltec S.A. de CV	Oxford 30. Juarez (Mexico)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	-	-	(235)	(235)	Mexican Peso

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1 January 2016

Company Name	Address	Activity	Proprietary Company	Direct	Indirect	Share capital	Reserves	Accumulated earnings	Total Net Equity	Functional Currency
Solluz P.V.X., S.L.	P.I. La Estrella Calle Aldebarán 58-59, Molina de Segura (Spain)	Power generation	Soltec Energías Renovables, S.L.U.	100%	-	550	(44)	2	508	Euro
Seguidores Solares Planta 2, S.L.	P.I. La Estrella Calle Aldebarán 58-59, Molina de Segura (Spain)	Power generation	Soltec Energías Renovables, S.L.U.	84.98%	-	3	(3)	(13)	(13)	Euro
Soltec Energie Rinnovabili S.r.L.	Viale A. Gramsci, 20. Firenze (Italy)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	100	63	(302)	(139)	Euro
Soltec America L.L.C.	3050 Osgood Court. Fremont (California - United States)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	3	-	(604)	(601)	US Dollar
Soltec Chile S.p.A.	Av. Bosque Norte 0134 Floor 7. Community of las Condes (Santiago de Chile - Chile)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	1	(30)	879	850	Chilean Peso
Soltec Brasil Industria Comercio e Serviços de Energias Renovaveis Ltda.	Rua Dr. Barreto, 483, Lauro de Freitas, Estado de Bahía (Brasil)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	190	-	(80)	110	Brazilian Real
Soltec Energías Renovables S.A.C.	Avenida República de Panamá No. 3576, Lima (Peru)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	99.67%	-	1	-	-	1	Sol
Seguidores Solares Soltec S.A. de CV	Oxford 30. Juarez (Mexico)	Marketing and management of equipment for renewable energy	Soltec Energías Renovables, S.L.U.	100%	-	3	-	-	3	Mexican Peso

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