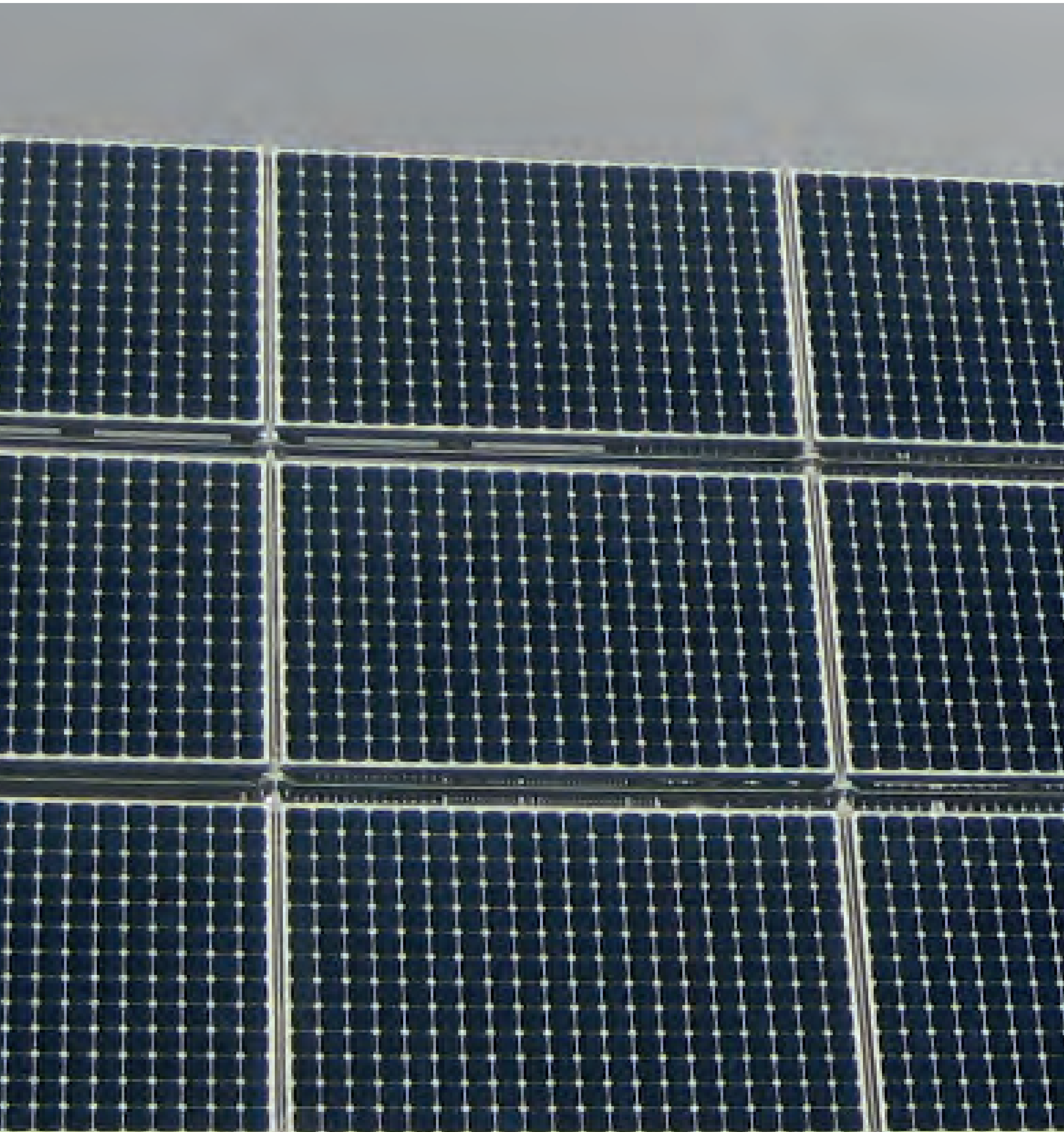
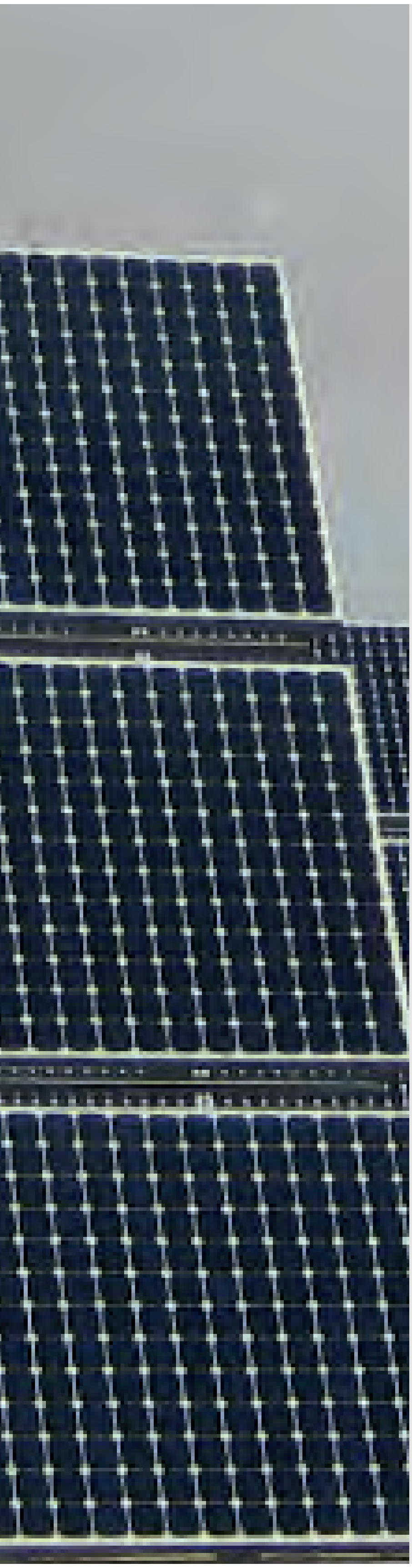
SOLAR PACK

ANNUAL REPORT AND MANAGEMENT REPORT 2018



ANNUAL REPORT 2018 SOLARPACK



Message from the Chairman

2018 has been a year full of transformations for Solarpack. We have gone from being a limited company with three shareholders, to being a public corporation, listed on the Spanish continuous market, with hundreds of shareholders of multiple nationalities.

This has also been the year in which we have reasserted our strategic choice since many years: being present in all the phases of the value chain in photovoltaic solar, from development to engineering, financing, construction, operation and maintenance. After the capital increase and the IPO, we have also expressed our intention to keep a greater number of assets in our books, which we were previously forced to rotate.

During the IPO process, we had the opportunity to discuss our track record and future plans with a large number of institutional investors, fund managers, family asset managers and hedge funds. We have learned something from each of these discussions and our own vision of the business and the future has been positively affected by the vision of the investors who are working with us towards an inevitable and essential energy transition. We are thankful to all of them for their support and trust.

We already had experience in rigorous albeit voluntary corporate governance. Therefore, the adaptation to good governance practices needed in listed companies has been perfectly smooth. We have reinforced the board of directors with five new directors who joined the founders of the company in our current board of directors, comprised of seven members. The wide range of knowledge and experiences that we have had the fortune to gather with the new directors has already become evident in these first months working together. In all of them we have valued their independence of criteria and their focus on the long-term success of the company, regardless of their affiliation as proprietary or independent directors.

For all of us who are part of Solarpack, these processes that we have experienced in 2018 are incredibly exciting. The confidence that investors and markets have shown us confirms our determination to consolidate a leading company in a sector that will be the protagonist of the energy transformation towards a world dominated by clean and renewable energies.

We do not forget that we are a living part of society, with aspirations towards a better world. We try to ensure that our workplaces combine well the demands of rigour and effort for a job well done, with a friendly and stimulating environment for our collaborators. We contribute to alleviate the social and cultural needs of the communities where we are present. And we do our bit in the eradication of extreme poverty on the planet through collaboration with the EKI Foundation (www.fundacioneki.org), which works on the Sustainable Development Goals, in pursuit of universal access to electricity, within ODS#7 “clean and affordable energy for all”.

And we finally thank the whole Solarpack team that has made possible the company that we are today. We have a demanding year ahead, where we have to finance, build and start up a significant amount of photovoltaic power on three continents. Another challenge, one more in our already long track-record. Thank you very much everyone for your effort and dedication!

Kind regards,
Jose Galíndez

Message from the CEO

We leave behind a fiscal year, 2018, which marks a before and after in the evolution of our Group. We wanted to increase our cruise speed in a revolution, that of energy transformation, which is unstoppable and that will undoubtedly have a great impact on the economic and social world.

Perhaps the questions are how it is going to happen and where. At Solarpack we are convinced that this is going to be a multi-technology revolution, since only the combination of smart networks, competitive renewable generation such as solar and wind, together with a greater role of storage technologies, will be able to decarbonize electric generation. Within this technological variety, solar photovoltaic electricity will have a very prominent role. As this energy transformation develops, electricity will increasingly become a decarbonisation vector for other uses that are technologically vetoed today. Above them all is land transportation, a huge consumer of fossil fuels, with a high impact on the health of the inhabitants of large cities, which is going to suffer a huge mutation with its progressive electrification.

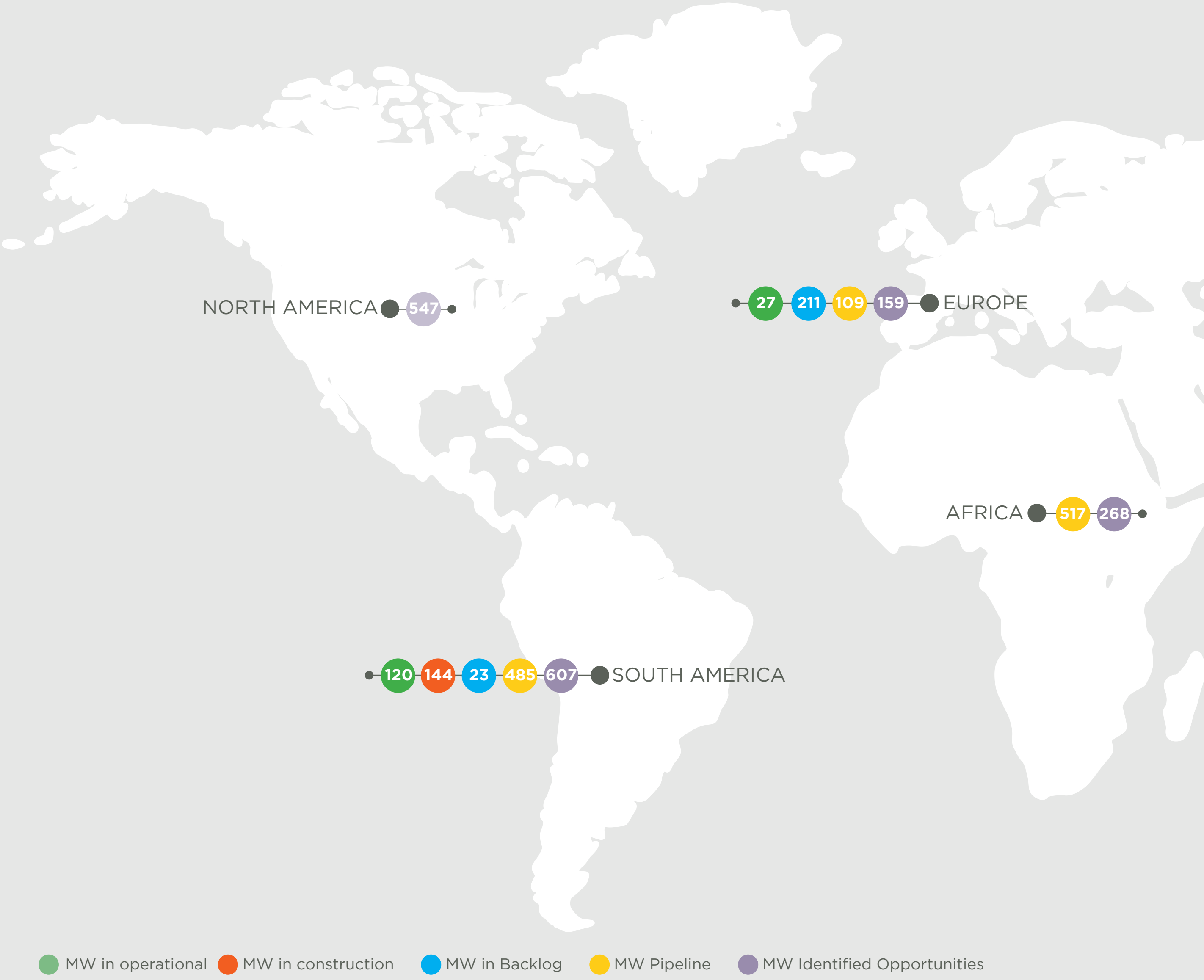
This vision nevertheless demands progressive steps, and thus our first challenge will be transforming Solarpack into an organization capable of building and putting into operation around 500 MW of new photovoltaic solar installations in a short period of time, changing the scale of our operations. This year 2019, which is beginning now, will mark our course as a new listed company and an outstanding actor in the energy transformation of those markets in which we participate.

Our Engineering and Construction teams are going to focus their activity on three fundamental markets in 2019: Spain, Chile and India. Our Business Development and Project Financing teams will complete the work that ends their processing stage and are already intensely striving to develop the project portfolio in order to have new projects to build in the year 2020. Likewise, our Power Generation and Services teams will manage a growing portfolio of operating assets to maximize cash generation from these assets. Our support areas of Administration support, Human Resources and Legal Advice are also increasing their activity, which is essential to have a successful, safe and financially balanced deployment.

At Solarpack, we have also had profound changes in our shareholder base. Thus, we will start by treating our new investors with our greatest skills: we have created a new Investor Relations area with which they can interact to receive the best service. We are aware that in addition to our human teams and our projects, we must duly attend a new interest group made up by the shareholders that have joined Solarpack in recent months.

Kind regards,
Pablo Burgos

SOLARPACK AT A GLANCE



Total Data to February 21, 2019

OUR HISTORICAL MILESTONES:

2005
Company Foundation

2007
First projects in Spain

2008
Implantation in Chile

2010 -2011
- First PPA in Latam
  Chile: Calama Solar 3 (Codelco) **- 1.1 MW**
  Peru: 106 MW
- Implantation in South Africa

SOLAR PACK

TOTAL	
OPERATIONAL PROJECTS	EUROPE: **27 MW** SOUTH AMERICA: **120 MW** ASIA: **104 MW**
CONSTRUCTION PROJECTS	SOUTH AMERICA: **144 MW**
PROJECTS IN BACKLOG	EUROPE: **211 MW** SOUTH AMERICA: **23 MW** INDIA: **128 MW**
PROJECTS IN PIPELINE	EUROPE: **109 MW** SOUTH AMERICA: **485 MW**
IDENTIFIED OPPORTUNITIES	EUROPE: **159 MW** SOUTH AMERICA: **607 MW** NORTH AMERICA: **547 MW** ASEAN: **245 MW** AFRICA: **268 MW**

2012

Chile: PPA with Collahuasi **25 MW**
Peru: Start Tacna and Panamericana **- 43 MW**

2014

Start in Uruguay **26 MW**

2016

PPA in Chile **124 MW**

2017

104 MW in operation in India

2018

- **510 MW** in Backlog
- **IPO**

OUR VALUE CHAIN

DEVELOPMENT

- Identifying locations with better features.
- Negotiating the land where the plants are located.
- Managing environmental impact analysis.
- Obtaining the necessary licenses and permits for construction and operation.
- Managing the connection of the plant to the electricity network.
- Negotiating and obtaining contracts for energy sale.

FINANCING

- Designing the legal structure of the project.
- Preparing the Base Case for financing.
- Searching and selecting financing entities.
- Managing technical, legal, environmental and fiscal Due Diligence.

DESIGN AND CONSTRUCTION OF PHOTOVOLTAIC PLANTS

- Designing and engineering the plants.
- Purchasing and supplying major equipment.
- Building in “turnkey” (EPC) mode.

OPERATION AND MAINTENANCE

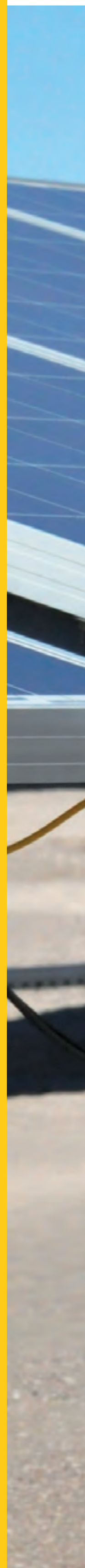
- Operating own and third-party plants.
- Maintenance in coordination with network operators.
- Operation and analysis reports.
- Control Center.

ASSET MANAGEMENT

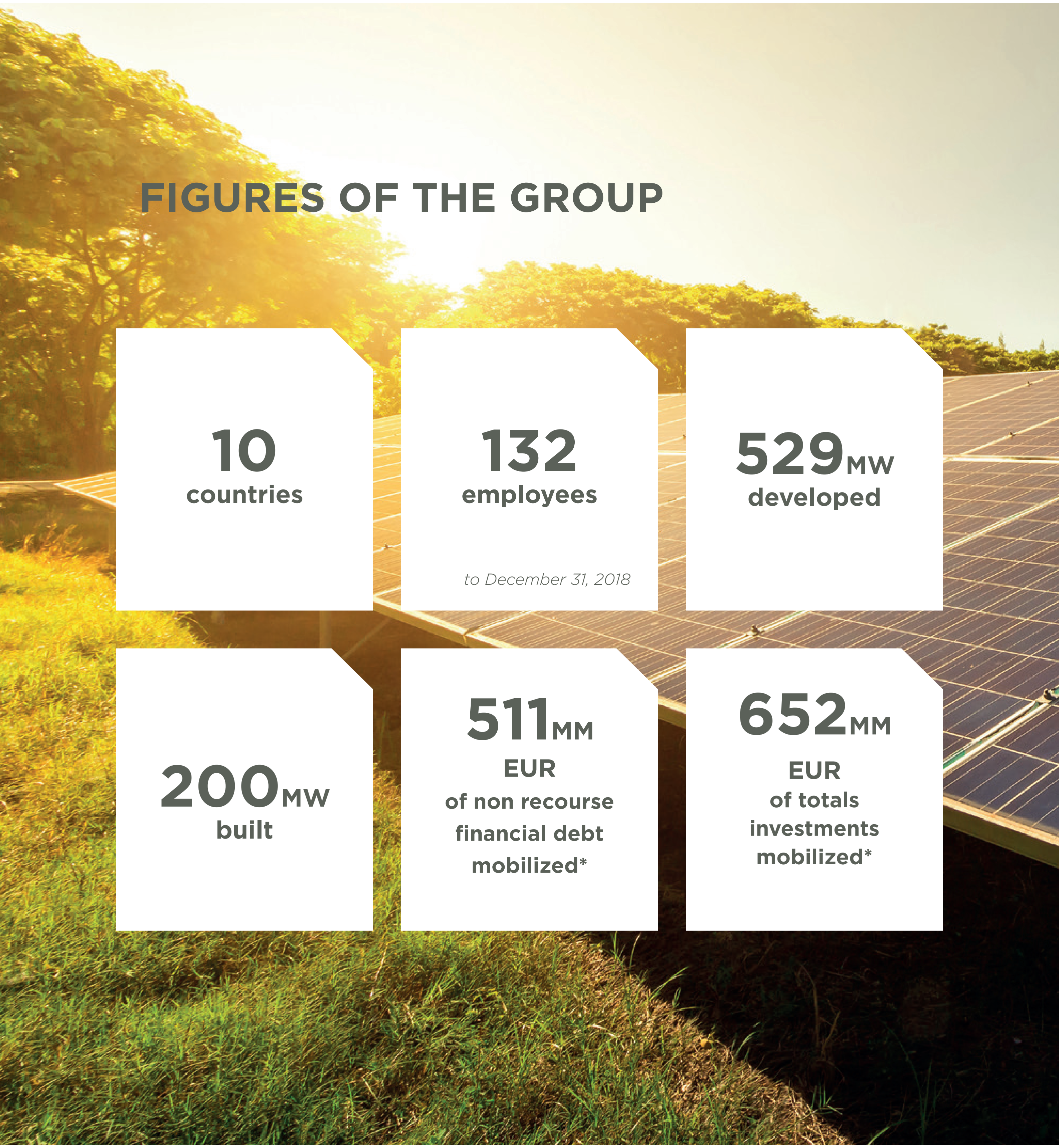
- Management and operational management of the SPV.
- Billing and accounting.
- Presentation of accounts and taxes.
- Managing electricity sales.
- Obligations arising from modifications in norms and regulations.
- Managing Project Finance loans.

POWER GENERATION

- Sale of energy under long-term PPA contracts.
- Sale of energy under long-term regulatory schemes.
- To a lesser extent, sale of energy to the spot market.



FIGURES OF THE GROUP



10
countries

132
employees

to December 31, 2018

529MW
developed

200MW
built

511MM
EUR
of non recourse financial debt mobilized*

652MM
EUR
of totals investments mobilized*

*1: EUR/USD=1,16 & EUR/INR=82,39

KEY DATA 2018

POWER GENERATION:

- 252 MW in operation | 141 MW attributable*
- 510 GWh of generated energy | 240 GWh attributable*

DEVELOPMENT AND CONSTRUCTION:

- 20 MW put into operation
- 362 MW in Backlog at the end of the period
- 1,112 MW in Pipeline at the end of the period
- 1,826 MW in Identified Opportunities at the end of the period

SERVICES:

- 160 MW under O&M
- Average availability of 99.4%
- 330 MW under AMS (asset management)

*** attributable** *"Attributable on the basis of the percentage of participation of Solarpack in the projects"*

KEY MILESTONES FOR SOLARPACK 2018

Start of operations in the USA:

In 2018, the Solarpack office in the United States was opened to begin developing projects in that market. From its base in Atlanta, the company has a local team that is developing an interesting project portfolio in the country.

PPA in India:

Solarpack was awarded PPAs for 5 projects totalling 128 MW in the state of Karnataka. These five plants, which we jointly call the KA2 project, is the second project of these characteristics that we are awarded in India and is part of the Backlog projects that we are going to keep ("Build and Own"). It is expected that, when they come into operation, they will generate about 207 GWh per year.

Sale of 100 MW in Spain:

The sale and construction of the Alvarado project in Spain was signed. The plant, which will be built during 2019 and the first quarter of 2020, is located in Extremadura.

Sale of 45 MW in Chile:

In 2018, the sale and construction of 4 Small Means of Distributed Generation (PMGD) in Chile was signed with Cap Vert Energie for USD 45 MM. The projects, located in the north and centre-south of Chile, will come into operation in 2019.

Construction of Celsia:

Solarpack won a tender to build a 10.5 MW project in Colombia for Celsia, a utility present in Costa Rica, Panama and Colombia. This project is very important for Solarpack because, despite its small size and the fact that it will not become a part of the power generation unit (POWGEN), its execution is for a strategic customer and offers the company experience and knowledge to be able to execute the project portfolio that it has in the country. The plant was put in operation at the end of 2018.

IPO:

On 5 December the shares of Solarpack began trading on the continuous market of the Spanish Stock Exchanges. Thus culminated, in a satisfactory manner, a process that began at the beginning of the year, when the decision was made to increase capital in order to face the interesting growth of the business plan, while also maintaining most of the new projects. in our portfolio of plants in operation (POWGEN). The subscription offer was 100% primary and involved the injection of EUR 110 MM that will allow the company to address the construction of the 362 MW in Backlog, as well as to complete the execution of the 144 MW that the company has currently under construction.

Purchase of 13 MW in Spain:

Days after the IPO and as stated in the Solarpack business plan, the company finalised the purchase of 13 MW in Spain belonging to projects that the company developed and built between 2007 and 2011. These 13 MW leave Solarpack with an operating portfolio, attributable to the shareholding it has in its plants, of 141 MW.

Signature of agreement with Aventron AG:

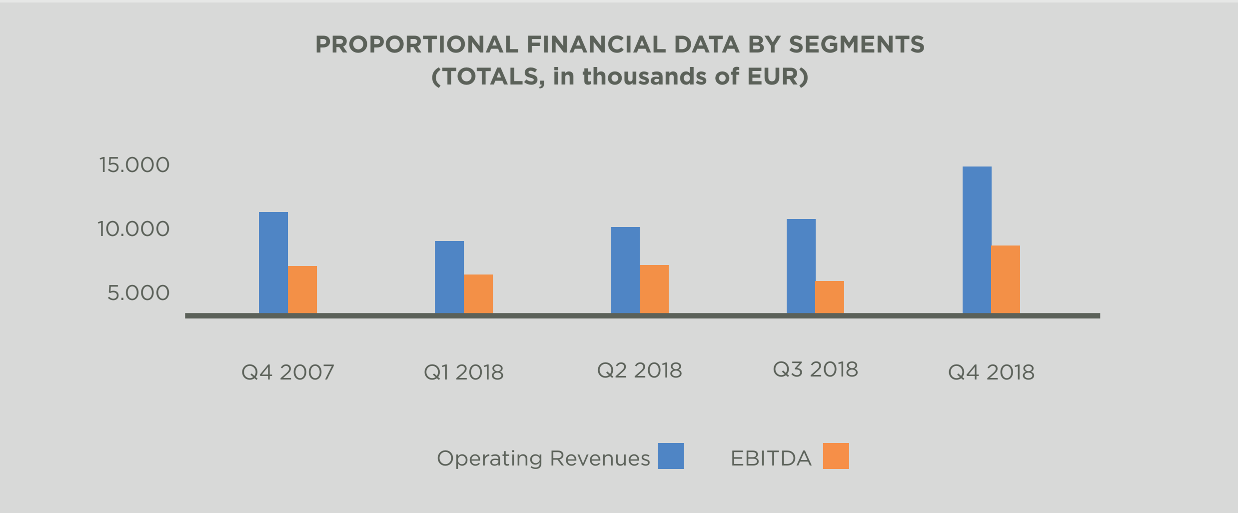
Solarpack has signed as contractor an agreement for the engineering, procurement and construction (turnkey or EPC) of two solar photovoltaic plants of 50 MW each, located in Toledo and Murcia (Spain). The execution is scheduled to start in the second quarter of 2019. Each plant, with an area of approximately 90 hectares, will generate around 95 million kWh of electricity per year.

FINANCIAL KEYS BY SEGMENTS AND IFRS

PROPORTIONAL FINANCIAL DATA BY SEGMENT:
(DEVCON + POWGEN + SERVICES + CORPORATE)

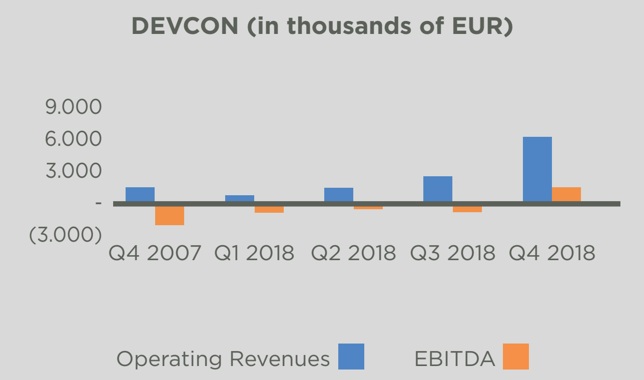
	FY PF* 2018	FY 2018	FY 2017	Q4 2018	Q4 2017
Operating Revenues	**46,497**	**38,864**	**54,497**	**14,673**	**9,791**
Gross Profit	**30,501**	**24,112**	**28,121**	**8,339**	**6,604**
Gross Profit margin %	65.6%	62.0%	51.6%	56.8%	67.4%
EBITDA	**25,084**	**18,695**	**22,198**	**6,997**	**4,078**
DEVCON	(50)	(50)	9,513	2,264	(2,767)
POWGEN	25,217	18,828	11,339	4,931	6,386
SVCS	1,328	1,328	1,569	266	513
Corporate	(1,411)	(1,411)	(223)	(465)	(54)
EBITDA margin %	53.9%	48.1%	40.7%	47.7%	41.7%
EBIT	**15,488**	**12,304**	**18,132**	**5,312**	**2,645**
EBIT margin %	33.3%	31.7%	33.3%	36.2%	27.0%

*Pro-forma for the acquisition of c. 13 MW in Spain that took place in december 2018. These figures show the financial information as if the acquisition had taken place on January 1, 2018



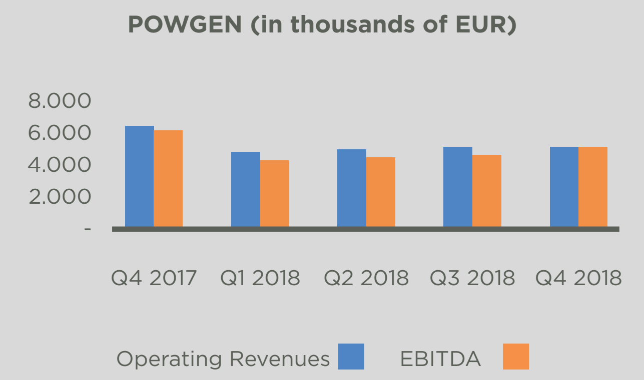
PROPORTIONAL FINANCIAL DATA: DEVELOPMENT AND CONSTRUCTION SEGMENT (DEVCON)

	FY 2018	FY 2017	Q4 2018	Q4 2017
Operating Revenues	13,536	36,766	8,077	1,608
Gross Profit	3,517	14,674	2,951	(447)
Gross Profit margin %	26.0%	39.9%	36.5%	-27.8%
EBITDA	(50)	9,513	2,264	(2,767)
EBITDA margin %	-0.4%	25.9%	28.0%	-172.1%
EBIT	(59)	9,476	2,262	(2,784)
EBIT margin %	-0.4%	25.8%	28.0%	-173.1%



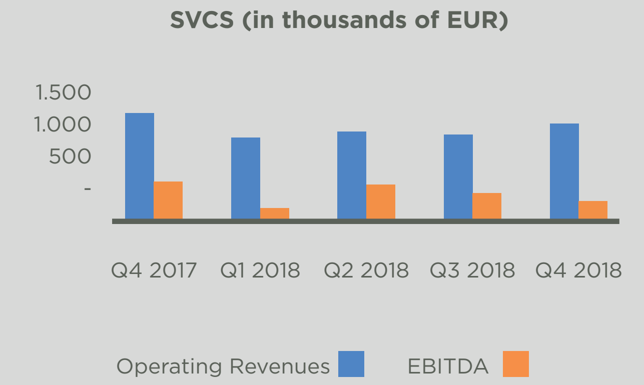
PROPORTIONAL FINANCIAL DATA: POWER GENERATION SEGMENT (POWGEN)

	FY 2018	FY 2017	Q4 2018	Q4 2017
Operating Revenues	20,751	13,052	5,353	6,817
Gross Profit	18,228	11,339	4,931	6,386
Gross Profit margin %	90.7%	86.9%	92.1%	93.7%
EBITDA	18,828	11,339	4,931	6,386
EBITDA margin %	90.7%	86.9%	92.1%	93.7%
EBIT	12,472	7,316	3,256	4,971
EBIT margin %	60.1%	56.1%	60.8%	72.9%



PROPORTIONAL FINANCIAL DATA: SVCS SEGMENT

	FY 2018	FY 2017	Q4 2018	Q4 2017
Operating Revenues	4,577	4,679	1,243	1,366
Gross Profit	1,767	2,108	456	665
Gross Profit margin %	38.6%	45.1%	36.7%	48.7%
EBITDA	1,328	1,569	266	513
EBITDA margin %	29.0%	33.5%	21.4%	37.6%
EBIT	1,301	1,563	260	512
EBIT margin %	28.4%	33,4%	20.9%	37.5%



PROPORTIONAL FINANCIAL DATA: CORPORATE SEGMENT

	FY 2018	FY 2017	Q4 2018	Q4 2017
Operating Revenues	-	-	-	-
Gross Profit	-	-	-	-
Gross Profit margin %	n.a.	n.a.	n.a.	n.a.
EBITDA	(1,411)	(223)	(465)	(54)
EBITDA margin %	n.a.	n.a.	n.a.	n.a.
EBIT	(1,411)	(223)	(465)	(54)
EBIT margin %	n.a.	n.a.	n.a.	n.a.

ELIMINATIONS*

	FY 2018	FY 2017	Q4 2018	Q4 2017
Operating Revenues	(8,764)	(22,211)	(5,394)	(2,419)
Gross Profit	(4,097)	(16,517)	(3,053)	874
Gross Profit margin %	n.a.	n.a.	n.a.	n.a.
EBITDA	(4,097)	(16,503)	(3,053)	888
EBITDA margin %	n.a.	n.a.	n.a.	n.a.
EBIT	(1,274)	(12,853)	(2,835)	2,215
EBIT margin %	n.a.	n.a.	n.a.	n.a.

* See Note 5 of the annual accounts report for details of "Eliminations"

CONSOLIDATED FINANCIAL DATA IFRS

	FY PF* 2018	FY 2018	FY 2017	Q4 2018	Q4 2017
Operating Revenues	38,258	30,101	32,286	9,280	7,372
Operating Expenses	(23,520)	(19,071)	(27,008)	(6,802)	(2,514)
Operating Profit (EBIT)	14,738	11,030	5,279	2,477	4,859
Net Financial Income/ (Expense)	(6,688)	(5,537)	1,919	(506)	(2,118)
Profit before tax	8,412	5,854	5,983	2,056	1,536
Profit from the year	8,230	5,559	5,360	2,745	963
Profit attributed to external partners	581	544	635	16	549
Profit attributable to parent company	7,650	5,015	4,726	2,729	415

*Pro-forma for the acquisition of c. 13 MW in Spain that took place in december 2018. These figures show the financial information as if the acquisition had taken place on January 1, 2018

SOLARPACK MANAGEMENT REPORT

1. SITUATION OF THE ENTITY

1.1. MISSION AND VALUES

The primary objective of Solarpack is being a solid and solvent company able to run quality projects, generating added value to the society and its environment.

MISSION

Generate attractive "products and services" for our clients (governments, companies, individuals) in the sector of renewable energies.

With an attractive, talented business culture, which generates an environment where we give the best of ourselves working at ease.

With attractive business and financial results that reflect the success in resource management and that contribute to the prosperity of society, wherever we act.

VALUES

- **Quality:** we are obsessed with a well-done job.
- **Integrity:** honesty in our work and in the relationship with others as a basis for the trust we develop.
- **Agility:** sense of anticipation, sense of urgency, essential in the changing times we live and for our company profile.
- **Open mind:** open-mindedness, sharing of knowledge, teamwork, as foundation of a strong organisation with sound self-confidence.
- **Effort and dedication:** essential in a highly competitive environment.
- **Results:** our good work confirmed with economic results.

1.2. ORGANISATIONAL STRUCTURE

Solarpack Corporación Tecnológica, S.A. (hereinafter "Solarpack" or the "Company") has a Board of Directors consisting of seven directors: Chairman, CEO and five committee members, in addition to a non-board member secretary. On August 2, 2018, the General Shareholders' Meeting appointed new directors and set up the Board of Directors with a total of 7 members. The Chairman and two of the members are proprietary directors; the other three members are independent directors, and finally the Chief Executive Officer is an executive director. In addition, the new regulations for the General Shareholders' meetings were approved.

The Solarpack Board of Directors has approved a new regulation for itself. As new bodies of the Board of Directors, two committees have been set up, namely (i) an Audit Committee and (ii) an Appointments and Remuneration Committee.

The entry into force of the new regulations was made simultaneously to the capital increase of 4th December 2018.

The Board of Directors of Solarpack is the governing body of the society, in which Solarpack members delegate their responsibility. It is the place where decisions affecting all areas of the company and marking the operating guidelines of the Solarpack executive team are made. Solarpack's Chairman is the person who chairs and summons the Board of Directors, and is a non-executive role. The Board of Directors delegates to the Chairman, among others, the responsibility of preparing the dates and matters to be discussed in the board meetings, nominating the persons for the positions of Chief Executive Officer and members of the committees of the Board of Directors, preparing and submitting before the Board of Directors those proposals which he thinks appropriate for the successful running of the Company and the representation of Solarpack before the institutions, wherever it may be according to its position, including the external communication of the company.

The CEO of Solarpack has the executive functions of the Board of Directors and the necessary powers to exercise them. The CEO participates directly in management and supervisory activities of the company. He is responsible for proposing the strategic direction of the company and to ensure that the decisions taken at the Board of Directors are implemented through functional measures. The CEO is a fundamental part in the creation of the culture of the organisation.

The Audit Committee of the Board is made up of three members and its main responsibilities are, among others, the monitoring of the effectiveness of the internal control of the Company and its risk management system. The chairmanship of this committee corresponds to an independent director.

The Appointments and Remuneration Committee consists of three members and its basic functions are, among others, the formulation of proposals on new members of the Board of Directors and on the remuneration of the members of the Board and of the Chief Executive Officer in their executive functions.

With regard to committees and additional bodies to the Board of Directors, the company has the following:

Business committees:
They are various committees that meet in a biweekly, monthly or bi-monthly basis where every project in execution and operation is followed up. All the functional areas involved in the execution of the projects are part of this committee where the progress of the development and construction of the projects are analysed and potential risks and their solutions are identified in order to ensure that the projects are finished and successfully executed. There are also specific committees for areas of RD&I.

Executive Committee:
The Executive Committee is held on a quarterly basis. All persons responsible for the functional areas of Solarpack meet and the CEO of the company presents the objectives and budget for the year, and its follow-up. The objective of this Committee is to establish common objectives to all the areas of the company, so that all people who are part of the organisation are aligned for achievement.

Solarpack and its subsidiaries (hereinafter the "Solarpack Group") are structured through 148 legal entities, included in the scope of consolidation of the Solarpack Group, as well as those temporary JVs whereto the Group is a part. Subsidiaries are of two types:

- Operating companies: those through which the Solarpack Group develops activities of (i) development and construction of projects and (ii) services

- Special Purpose Vehicle Companies: those through which assets of photovoltaic solar electric power generation (hereinafter “**PV**”) are operated

The section on Operation below describes in detail these activities developed by Solarpack Group. The usual administration structure in the subsidiaries is the existence of a sole administrator, although there are numerous subsidiaries that have a board as an administrative body, either due to (i) the existence of minority shareholders or (ii) the fact that regulation of the country where the company is established make it advisable or essential the existence of a board of directors.

In addition to the companies included in the scope of consolidation, there are other companies where the Solarpack Group has interests but not a controlling ownership.

Note 2.8 and Annex I corresponding to the consolidated financial statements as of 31st December 2018 (the “**Consolidated Financial Statements**”) show a detail of the corporate structure of Solarpack Group.

1.2.1. CORPORATE GOVERNANCE BODIES

Our corporate governance practices are not only aimed at the creation of economic but social value. For this we have a number of bodies and procedures whose objective is to safeguard the interests of our shareholders and all our stakeholders, in general.

Our activities are governed by compliance with the law and related recommendations: Capital Companies Act, revised text of the Law of the Stock Market and the Code of Good Government of the Societies listed of the National Securities Market Commission (CNMV).

Corporate governance annual report can be accessed on the website of the CNMV

A. GENERAL SHAREHOLDERS' MEETINGS

The General Board is the main channel of participation of shareholders in the company and its maximum decision-making body, in which all the properly convened shareholders gather to deliberate and decide, by the majority required in each case, the issues of its competency, or to be informed about those matters which may be relevant for the Board of directors or the shareholders on the terms laid down by the regulations in force and the Social Statutes of the company.

The rules of procedure of the General Shareholders' Meetings can be found here:
https://www.solarpack.es/accionistas-e-inversores/gobierno-corporativo/reglamentos/

B. BOARD OF DIRECTORS

Mr. José María Galíndez Zubiría
President - Propietary director

Mr. Pablo Burgos Galíndez
CEO - Executive Director

Mr. Ignacio Artázcoz Barrena
Vocal - Independent Director

Mrs. Begoña Beltrán de Heredia
Vocal - Independent Adviser

Mrs. Inés Arellano Galíndez
Vocal - Propietary director

Mrs. Gina Domanig
Vocal - Independent Adviser

Mr. Antonio Galíndez Zubiría
Vocal - Propietary Director

Mr. Joseba Andoni Olamendi López
Non-Member Secretary of the Board of Directors

It is the highest governing body of the company and in which the shareholders of Solarpack delegate their responsibility. It is the responsible body, among other activities, for the design of policies and strategies.

The following committees report to the **Board of Directors**:

AUDIT COMMITTEE:

The Audit Committee of the Board is made up of three members and its main responsibilities are, among others, the monitoring of the effectiveness of the internal control of the Company and its risk management system. The chairmanship of this committee corresponds to an independent director.

APPOINTMENTS AND REMUNERATION COMMITTEE:

The Appointments and Remuneration Committee consists of three members and its basic functions are, among others, the formulation of proposals on new members of the Board of Directors and on the remuneration of the members of the Board and of the Chief Executive Officer in their executive functions.

The regulations of the Board of Directors can be viewed here:
https://www.solarpack.es/accionistas-e-inversores/gobierno-corporativo/reglamentos/

C. DUE DILIGENCE MECHANISMS

The Board of Directors approved, on 1 November 2018, **the Internal Regulations of Conduct in the Stock Markets**. That regulation regulates, among other things, the expected conduct of our directors and managers in regard to the treatment, use and disclosure of non-public information related with the group, according to the Regulation (EC) No. 596/2014 of the Committee of the European Parliament and of the Council of 16th April 2014 on abuse of market ("market abuse regulation") ("MAR").

The Internal Regulations of Conduct in the Stock Markets applies to, among other people, all the members of the Board of Directors, the Executive Committee and employees who have access to non-public information, and also to our external consultants, when they handle such non-public information.

At the date of issue of this document we do not have knowledge of any existence of any conflict of actual or potential interests between our advisors and our Executive Committee.

D. EXECUTIVE COMMITTEE

Mr. Pablo Burgos
CEO

Mrs. Ana Ferrero
Consulting

Mrs. Fátima Fernández
Technical Director

Mr. Iñigo Malo de Molina
Head of Business Development

Mr. Jaime Aldamiz-Echevarría
Technical Project Financing

Mr. Jaime Solaun
Manager Andean Region

Mr. Javier Arellano
Head of Corporate Development and Investor Relations

Mr. Joseba Olamendi
Legal Advice

Mrs. María Burgos
Chief Financial Officer

Mr. Miguel de la Rosa
Construction and EPC Sales Manager

Mr. Tomás Parladé
Manager for Asian Region

Mrs. Victoria Moral
Head of Human Resources and Organization

Mr. Xabier Real
O&M Manager

It is the body responsible for the daily management of the company, formed by thirteen Directors. It meets quarterly and is responsible for supervising the key operational issues, including financial matters, as well as the main action plans and other related topics.

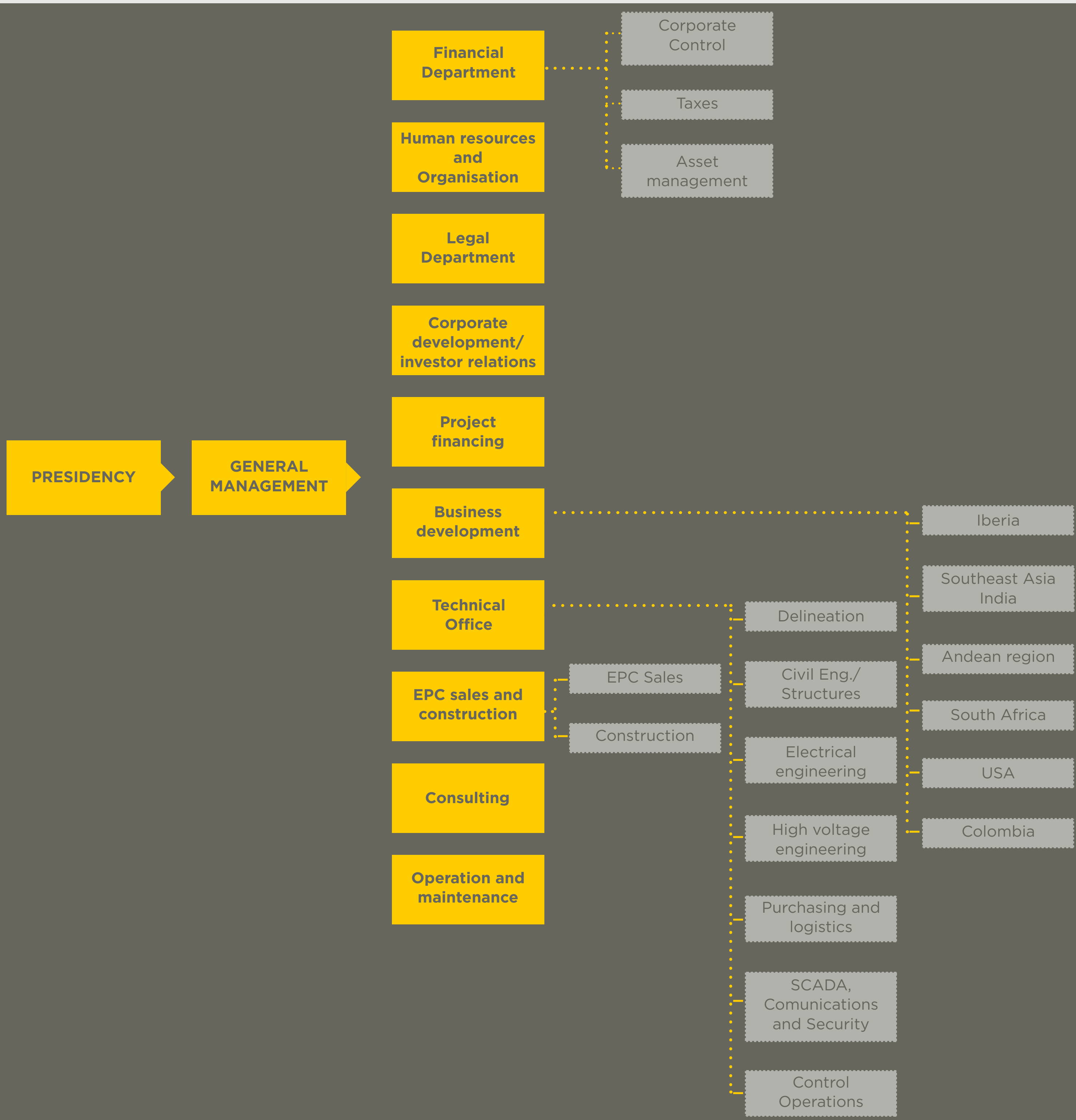
E. SUMMARY OF GOVERNMENT AND BUSINESS BODIES

BOARD OF DIRECTORS 7 MEMBERS	AUDIT COMMITTEE 3 MEMBERS	APPOINTMENTS AND REMUNERATION COMMITTEE 3 MEMBERS	EXECUTIVE COMMITTEE 13 MEMBERS
•Main body of validation of Solarpack's financial commitments. • Detailed monitoring of every strategic and investment decision. • Formed by 7 members 1 Executive 3 proprietary directors 3 independent	• Monitoring of internal controls, internal audit and risk control. • Supervision of elaboration and publication of financial information, including relationship with external auditors. • Maintenance and monitoring of: - Control of financial risk. - Supervision of risk control and management policies.	•Assessment of competencies required in the Board of Directors. • Elaboration of proposals for election or re-election of the members of the Board of Directors. • Elaboration of proposals for Directors policies of compensation and management and monitoring of these policies.	• Joint review of all business units and support units. • Establishment and coordination of quarterly targets. • Main Committee to the Executive team.
8 ANNUAL COMMITEE	**QUATERLY**	**WHEN REQUIRED**	**QUATERLY**

BUSINESS COMMITEES

COMMITTEE OF POWER GENERATION (POWGEN)	COMMITTEE	D&C COMMITTEE PER PROJECT	COMMITTEE R&D	BUSINESS REVIEWS
• Detailed review of real vs. base case. • Supervision of compliance with covenants. • Preparation and follow-up of cash projects box deals to members. • Strategies of refinancing of projects. • Projects procurement opportunities.	•Monitoring of the availability, production, irradiance, and performance of the projects. • Review of incidents and corrective actions. • Contractual covenants supervision. • Follow-up actions of continuous improvement.	• Coordination of the project. • Detailed review of the status of development. • Supervision of construction and completion budget. • Alignment in the development.	• Review of new initia-tives, including those of storage batteries. • Analysis of new business models and technologies.	• Direct interaction between CEO and managers of business areas. • Monitoring and supervision of specific business objectives.
QUATERLY	**MONTHLY**	**MONTHLY/BI-WEEKLY**	**MONTHLY**	**MONTHLY**

F. ORGANIZATION CHART



G. SOLARPACK PEOPLE

The Solarpack Group has a positive working environment and it can be said that the vast majority of its employees work with high motivation rates. Note 20.3 of the Consolidated Financial Statements details how personnel expenses are structured, as well as the distribution of the personnel.

As of 31st December 2018, the Solarpack Group had 132 employees. The majority of our personnel (specifically 82%) is devoted to technical areas, which include projects development, engineering, construction, operation and maintenance activities.

On the other side, the average number of employees increased by 1,7% over from2017 number, which is due, on the one hand, to (i) growth in all the company's activities and, in particular, to the proper preparation of the structures in the face of the strong growth in DEVCON expected during the next 15 months, and (ii) on the other hand, to the termination of the contracts of a relevant part of the work supervision staff hired for the assets of Telengana, India after its conclusion. The average cost per employee during fiscal year 2018 was EUR 55,614, including both salary concepts and social security expenses.

The Solarpack team is distributed among ten countries around the world, so to contribute to its cohesion and fluent communication among them, we develop the following initiatives:

EXISTENCE OF A UNIFIED EMPLOYEE MANUAL,

Existence of a unified employee manual, so that all employees of the company have the same values and culture, as well as similar operating rules, always respecting the labour regulations of each country.

A CORPORATE COMMUNICATIONS PLATFORM

A corporate communication platform that allows easy interconnection from any device connected to the Internet, with any employee of the company in their workplace, so that videoconferences and audioconferences can be made in a simple and economical way

REGULAR COMPANY MEETINGS

Regular company meetings in which a large majority of employees have the opportunity to meet personally, exchange experiences and align themselves with business objectives

The employee's manual contains a Code of Integrity and Conduct that is assumed by each employee when they join the Solarpack Group. This code raises four simple questions to assess whether a given behaviour is in line with the principles of integrity.

Likewise, a specific e-mail box is available for anonymous reports on behaviours within the company that do not comply with said principles of integrity.

A fundamental part of our strategy as a company is the identification and incorporation of the best talent, as well as its professional development and continuous motivation. For this reason, in 2018 we have invested more than € 50,000 in actions of training, to develop the training of our employees, but also to contribute to their motivation, aspect especially relevant in a collective with a young average age and that it values very positively this type of actions. The training was aimed at areas of interest for the company, as they are:

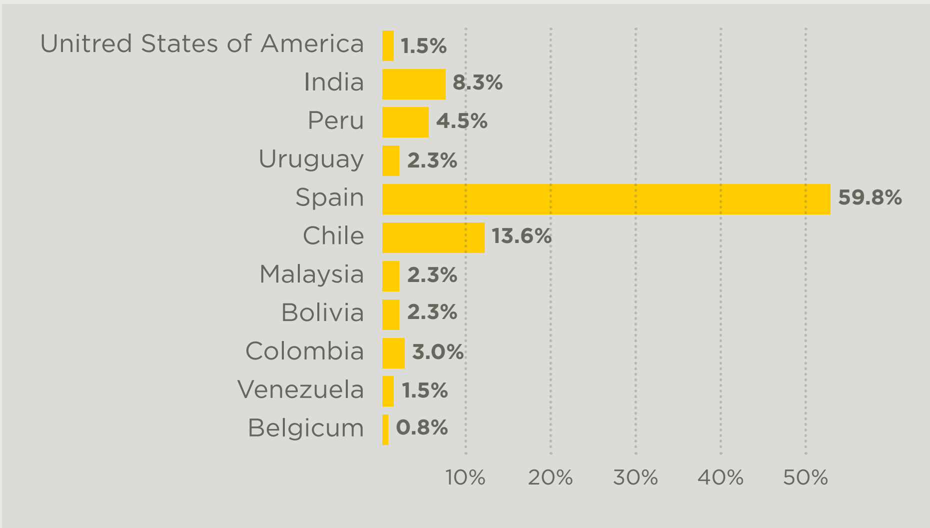
- People management
- Technical training courses
- Personal skills improvement courses (languages, time management, office...)

In the coming years and to be able to count on the best professionals in our international expansion, we plan to develop strategies in this regard:

- Launch of a structured multi-annual training Plan.
- Identification and implementation of concrete actions for the continuous improvement of employee satisfaction.
- Consolidation of the process of performance evaluation.
- Employer Branding.

Also, aware of the specific problems of the staff who must travel to the different locations where is our projects are in development, we have begun and will continue developing in the coming year actions aimed at improving the management of these processes, with the aim that the displacements are carried out under the best possible conditions for those involved.

STAFF BY NATIONALITY



1.3. OPERATION

The Solarpack Group is a multinational company focused on the development of solar PV. It specialises in promoting, financing, construction, asset management, operation and maintenance, and consulting of PV solar plants.

Its activities are channelled through three operating segments, which are the generators of value and cash flows for the company:

- Development and Construction (DEVCON), which develops business opportunities and executes the construction of solar PV plants.

- Services (SVCS), which provides operation and maintenance services and asset management in solar PV plants.

- Power generation (Power Generation - POWGEN), where the investments in solar PV power generation assets are grouped.

Solarpack was founded in 2005 and, since that date, it has maintained a constant path of organic growth in which the generation of value has allowed to create a leading multinational group in the photovoltaic solar energy sector.

Solarpack Group currently operates mainly in Spain, Latin America (largely, Chile, Peru, Uruguay and Colombia), the USA, South Africa, India and South East Asia.

This geographic dissemination and growth has been carried out having always in mind specific culture and values shared by any employee of the Solarpack Group, wherever they may be.

Our strategy is based on two-basic which are profitable growth and risk control. These in turn are implemented through five levers that are:

- **Vertical integration.**
- **Selection of markets and currencies.**
- **Depth vs. breath**
- **Rigorous investment decision processes.**
- **Rotation of assets.**

Our competitive advantages are summarised in these five pillars:

- **Vertically integrated project execution platform with a presence in highly attractive, fast-growing solar PV markets**
- **Solid history in the execution of quality PV solar projects**
- **Attractive portfolio of projects in development that provide good income visibility and future results**
- **Diversified geographical implantation in 10 international markets, which allows cushioning the effects of a possible fall in one specific market**
- **A management team with long experience in the industry, led by the founding partners with a long-term approach on the sustainable generation of value**

1.3.1. BUSINESS MODEL

Historically, the Solarpack Group has developed a vertical integration business model with high asset turnover. This rotation has been motivated by a limited amount of financial resources, sufficient for the maintenance of investments in solar PV plants in the long term. For this reason, the Group proceeded to disinvest majority share packages in operating PV solar plants in order to finance the construction and start-up of the following plants, which we call the Build & Sell mode.

During the year 2018, the Group has implemented a change of strategy, which is to maintain investment in the medium and long term in a majority share of the assets that develops, build and put into operation, what we call mode Build & Own. Result of this new strategy, the Group has carried out a capital increase through a range of subscription shares which ended December 5th, 2018, the day from which Solarpack shares listed in the continuous markets of the Spanish stock exchanges. This injection of capital by 110 MM EUR will allow growth and recurrence of revenues and results of operation of the group.

Regarding the projects that the Group maintains in the development portfolio and that it aims to put into operation in the short term, approximately one third thereof will be built in Build & Own mode.

OPERATING SEGMENTS

Our activities are channelled through three operating segments, which are the generators of value and cash flows for the company:

Development and Construction (DEVCON): Our DEVCON division focuses mainly on the development and construction of solar PV plants, which directly convert solar radiation into electrical power. The development phase of a solar PV project begins with the selection of a terrain, suitable, taking into account various factors, such as for example, the solar radiation of the place, the proximity to electrical transmission/ distribution network, the impact in the local community, the selling alternatives for electric energy, mainly through sales contracts in the long run (PPA) and, depending on the size of the project, negotiations with possible co-investors. After obtaining the necessary internal approvals and administrative permits and licenses, we structure the financing of the project. Once this is achieved, we carry out our engineering activities, supply of main equipment and construction (EPC) in turnkey mode. A part of the solar plants that we develop and build are sold to third parties (Build & Sell mode) and another part is kept in our books for exploitation by our POWGEN division (Build & Own mode). Likewise, and opportunistically, the DEVCON division provides EPC services to third parties in projects in which the Group has not had any intervention in its development. The DEVCON division is the main generator of the company's future business, and its growth engine.

Below are the MW jobs running historically from the DEVCON division.

MW'S PUT INTO OPERATION

	As of 31st December 2018			
	2015	**2016**	**2017**	**2018**
Projects put into operation during the period	10.5	26.4	125.1	19.9
Projects ' Build and Own "	10.5	-	125.1	-
Other projects	-	26.4	-	19.9

With respect to the portfolio of projects under development, the company distinguishes three different categories according to the degree of feasibility of each project:

(A) Identified Opportunities: are those projects in a preliminary State of development that only have a preliminary feasibility analysis. These projects, we give them a probability of success between 10% and 30%.

(B) Pipeline: projects for which we estimate a probability of success of 50% (excluding the projects included in our Backlog) that are (i) internal projects, for which we have acquired contractual or legal rights related to the control of the land and with the rights of interconnection of relevant regulatory bodies reported to us within or, if they have only been initiated but still no contractual or legal rights, projects for which we estimate a probability of obtaining those contractual or legal rights of more than 50%, or (ii) projects from third parties, for which a request for tender has been launched formally for an EPC and which have been selected in the short list of the process.

(C) Backlog: projects for which we estimate a probability of success of at least 90%. These are projects (i) for which have been granted us rights of sale of energy in the long term within a bidding process for that purpose, or (ii) has obtained the agreement of sale of applicable power having been nominated as preferred bidders and we are in the process of preparation for the implementation of the agreement of sale of energy, or (iii) it has obtained financing without recourse to the project without the need for a long-term energy sale agreement, or (iv) an agreement for the sale and construction of the project "Build and Sell" (not subject to any condition of previous funding) has been signed with an external buyer, or (v) it has signed an agreement of EPC in the case of projects developed by third parties.

Below are the historical movements registered in our category of projects in Backlog:

EVOLUTION OF BACKLOG

	As of 31st December 2018			
	2015	2016	2017	2018
Backlog at the beginning of the period	31.6	189.5	237.5	124.1
Additions during the period	168.4	124.1	-	386.2
Net changes in capacity	-	-	-	(2.8)
Projects that reach the operating status	(10.5)	-	-	-
Projects sold before the operating status	-	(55.0)	-	-
Projects that reach the "under construction" status	-	(21.1)	(113.4)	(145.4)
Backlog at the end of the period	189.5	237.5	124.1	362.1

Services (SVCS): Our SVCS division provides (i) technical Operation and Maintenance services and (ii) administrative and asset management services to PV solar power plants developed by both the Solarpack Group and third parties. This division develops a wide range of services and solutions to maximise the generation of electricity and the useful life of the PV solar systems it operates and manages. Specifically, we provide technical monitoring and supervision services, inspections, preventive maintenance of plants, repair and replacement of equipment in plant, and response to incidents. As of 31st December 2018, we provide technical Operation and Maintenance services in 13 solar PV plants (of which eight are owned mostly by third parties) with a total installed capacity of 160 MW. Our O & M services are monitored from our remote control center ("ROC") located in Getxo-Bizkaia, and run by our operators in the field. In addition, as part of our asset management activities, we offer a wide range of commercial, accounting, financial, tax and corporate services for PV solar power plants in operation, with the objective of maximising the cash available for distribution to the shareholders of these assets. Specifically, the main focus of our asset management services includes ensuring compliance with the applicable regulatory framework, establishing an effective reporting and internal control system, advising clients on how to optimise plant performance, refinancing senior debt and daily management and optimisation of PPA contracts. As of 31st December 2018, we provide this type of asset management services to 23 PV plants (owned by us or by third parties) that represent a total installed capacity of 330 MW.

SERVICES

	As of 31st December 2018			
	2015	**2016**	**2017**	**2018**
Weighted average availability of MW under O & M (%) *	99.8%	99.8%	99.7%	99.4%
Projects under facilities O & M (in MW)	106.4	132.7	153.8	160.1
Projects under management of assets (in MW)	198.3	219.4	219.4	330.3

** 2015 excludes ATACA (PAS1); 2016 excludes Alto Cielo; 2017 excludes PMGDs (CAS1; PSS (CAS2))*

Power Generation (POWGEN): When our DEVCON division completes the construction of a solar PV plant and this enters into operation, our POWGEN division generates income by selling the electricity produced by our PV solar plants under a specific PPA contract or other type of sales model. The amount of income generated depends mainly on the production level of the plant and the sale price of the power. We generate income from solvent buyers, including a combination of government entities or central and national services, such as the national electricity systems of Spain and Chile, the Republic of Peru and Southern/Northern Power Distribution Company of Telangana (Indian energy distribution companies), as well as private companies such as Collahuasi and Codelco (Chilean mining companies). In general, we establish long-term electricity sales agreements with these energy buyers who pay a fixed price, in certain cases subject to adjustments for inflation, for the electricity generated by our PV solar power plants. As of 31st December 2018, we have interests in the capital of 11 solar PV projects with a total installed capacity of 252 MW (of which 141 MW are attributable to our proportional shares in these projects). These projects are structured through Special Purpose Vehicle (SPV) Companies which include, in isolation, the assets and liabilities of each project. Thus, it is possible to obtain Debt Project Finance, which does not require other guarantees than the project itself.

MW IN OPERATION AT THE END OF THE PERIOD

	As of 31st December 2018			
	2015	**2016**	**2017**	**2018**
TOTAL	127	127	252	252
Attributable MW	53	25	128	141

POWER GENERATION (POWGEN):

	As of 31st December 2018			
	2015	**2016**	**2017**	**2018**
Energy generated during the period. (on a pro rata basis, In MWh) *	119,996	116,402	114,316	239,836
(%) Plant load factor *	27.9%	29.4%	28.3%	21.3%

* Decrease in 2016 and 2017 due to the sale of the majority in Ataca Moquegua. Increase in 2018 due PMGD PAS1-CAS1-PSS in full operation and entry of TS1

* 2015 excludes PMGD PAS1 and non-operational projects during this period; 2017 excludes PMGD CAS1 & PSS and TS1

OPERATING SEGMENT	DEVELOPMENT AND CONSTRUCTION (DEVCON)	POWER GENERATION (POWGEN)	SERVICES (SVCS)
KEY ACTIVITIES	It provides innovative PV solar solutions. Full integration of capabilities: 1. Development of projects 2. Structuring of the Type of financing 3. Engineering, procurement & Construction V	It generates stable and long-term revenue through the sale of electricity - speed generated by the using solar plants sales schemes to Long-term	(a) Operation and maintenance: daily maintenance of PV solar plants to maximize their performance. (b) asset management: monitoring of the performance of plants **Compliance**. accounting requirements, fiscal and financing.
KEY DATA	As of 31st December 2018 We had 3 projects in construction with a total capacity of 144 MW	As of December 31s, 2018, we had participations 11 solar projects photovoltaic they totaled 252 MW POWGEN unit produced 239,836 MWh *Attributable to group MWh in proportion to their percentage of Participation in projects	As of December 31st, 2018, we were providing O & M services to 13 solar plants FV[1] amounting to 160 MW. Services of asset management to 23 solar plants FV[2] amounting to 330 MW.
MAIN FINANCIAL MAGNITUDES[3]	**2018** OPERATING REVENUES **13.5 MM €** EBITDA: **-0.0 MM €** (EBITDA margin of -0.4%) **2017** OPERATING REVENUES **36.8 MM €** EBITDA: **9.5 MM €** (EBITDA margin of 25.9%)	**2018** OPERATING REVENUES **20.8 MM €** EBITDA: **18.8 MM €** (EBITDA margin of 90.7%) **2017** OPERATING REVENUES **13.1 MM €** EBITDA: **11.3 MM €** (EBITDA margin of 86.9%)	**2018** OPERATING REVENUES **4.6 MM €** EBITDA: **1.3 MM €** (EBITDA margin of 29.0%) **2017** OPERATING REVENUES **4.7 MM €** EBITDA: **1.6 MM €** (EBITDA margin of 33.5%)

1. Four plants owned by third parties and the rest of them us-owned plants.
2. Solarpack's or third party property
3. Non-gaap financial information. The data centre cost/segment "Structure" are not included

1.3.2. OPERATIONAL PORTFOLIO

Solarpack operational portfolio currently consists of 11 projects distributed among Spain, Peru, Chile and India, adding up to a total gross capacity of 251.7 MW and a total annual production of 510.7 GWh.

ISLA MAYOR (SPAIN)

34.29%
Solarpack[1] property

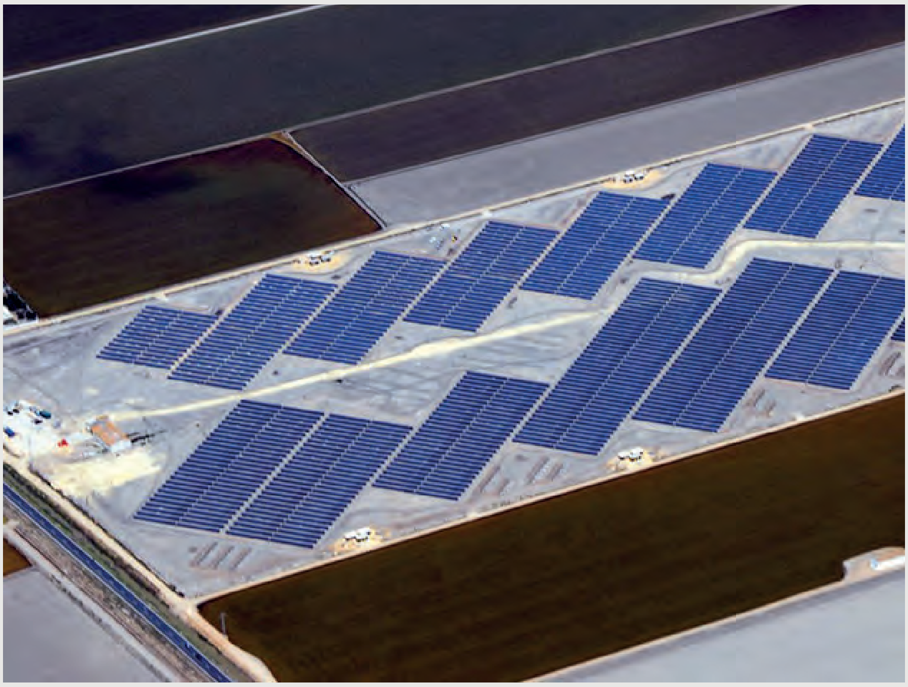
8.4
Capacity (MW)

14.4
Annual production (GWh)

31/12/07
Commissioning date

31/12/37
PPA/FIT-expiration date

Spain[2]
Offtaker name



1. Solarpack owns 100% of the social interests of holders SPVs totalling 2.9 MW and installations which are 34.29% of the total of the largest island project.
2. Regulated rate Refers to the electrical system

LEBRIJA (SPAIN)

43.75%
Solarpack[1] property

3.8
Capacity (MW)

7.0
Annual production (GWh)

31/12/07
Commissioning date

31/12/37
PPA/FIT-expiration date

Spain[2]
Offtaker name

1. Solarpack Lebrija owns 100% of the social interests of holders SPVs facilities totalling 1.7 MW and which involve a 43.75% of the Lebrija project total.

LLERENA 1 (SPAIN)

80.00%
Solarpack[1] property

4.8
Capacity (MW)

8.6
Annual production (GWh)

31/12/07
Commissioning date

31/12/37
PPA/FIT-expiration date

Spain[2]
Offtaker name

1. Solarpack owns 100% of the social interests of holders SPVs totalling 3.84 MW and installations which represent 80% of the total of the Llerena project 1.
2. Regulated rate Refers to the electrical system

LLERENA 2 (SPAIN)

70.00%
Solarpack[1] property

4.1
Capacity (MW)

8.2
Annual production (GWh)

31/12/07
Commissioning date

31/12/37
PPA/FIT-expiration date

Spain[2]
Offtaker name

1. Solarpack owns 100% of the social interests of holders SPVs totalling 2.9 MW and installations which represent 70% of the total of the project Llerena 2.

GUIJO DE CORIA (SPAIN)

96.50%
Solarpack[1] property

6.1
Capacity (MW)

12.3
Annual production (GWh)

30/8/11
Commissioning date

31/12/41
PPA/FIT-expiration date

Spain[2]
Offtaker name

2. Regulated rate Refers to the electrical system

TACNA (PERU)

10%
Solarpack property

22.2
Gross capacity (MW)

47.8
Annual production (GWh)

31/12/12
Commissioning date

31/12/32
PPA/FIT-expiration date

Republic of the Peru
Off-taker name

PANAMERICANA (PERU)

9.50%
Solarpack property

20.7
Capacity (MW)

51.3
Annual production (GWh)

31/12/12
Commissioning date

31/12/32
PPA/FIT-expiration date

Republic of the Peru
Off-taker name

MOQUEGUA (PERU)

19.00%
Solarpack property

19.4
Capacity (MW)

47.1
Annual production (GWh)

31/12/14
Commissioning date

31/12/34
PPA/FIT-expiration date

Republic of the Peru
Off-taker name

ATACA (CHILE)

19.00%
Solarpack property

26.5
Capacity (MW)

69.0
Annual production (GWh)

30/3/14
Commissioning date

31/3/34
PPA/FIT-expiration date

Collahuasi/ Codelco
Off-taker name

PMGD PAS1-CAS1-PSS (CHILE)

80.00%
Solarpack property

31.6
Capacity (MW)

86.6
Annual production (GWh)

30/6/17
Commissioning date

N/A
PPA/FIT-expiration date

Chile[1]
Off-taker name

1. Regulated rate. Refers to the national electric system

TS1 (INDIA)

82.65%
Propiedad de Solarpack

104
Capacity (MW)

157.6
Annual production (GWh)

30/11/17
Commissioning date

30/11/42
PPA/FIT-expiration date

Northern/Southern Power Distribution Company of Telangana
Off-taker name

2. BUSINESS EVOLUTION AND OUTCOME

2.1. KEY INDICATORS OF NON-FINANCIAL CHARACTER

UPDATE OF THE EVOLUTION OF THE PROJECTS PORTFOLIO

As of date of this report Solarpack has a Pipeline of 1,112 MW and a few Identified Opportunities of 1,826 MW.

With regard to the Backlog, to date consists of 362 MW.

Projects Under Construction in the Group amounted to 144 MW to this date, in particular Granja, Bellavista and Tricahue projects, all of them located in Chile.

Below is the State of progress of projects under construction and in Backlog.

UNDER CONSTRUCTION:

Name	Country	MW	Category	Land	Interconnection	Environmental permits	Financing	PPA/regulated rate	Commissioning and operation
Granja	Chile	123.0	Build and Own	Obtained	Secured	Obtained	Obtained	Obtained	Q4-19

Name	Country	MW	Category	Land	Interconnection	Environmental permits	Sale of the project	EPC for third party	Commissioning and operation
Bellavista - PMGD SIC SING	Chile	10.6	Build and Sell	Obtained	Secured	Obtained	Obtained	Obtained	Q3-19
Tricahue - PMGD SIC SING	Chile	10.6	Build and Sell	Obtained	Obtained	Obtained	Obtained	Obtained	Q2-19

BACKLOG:

Name	Country	MW	Category	Land	Interconnection	Environmental permits	Financing	PPA/regulated rate	Commissioning and operation
Monclova	España	49.4	Build and Own	Obtained	Secured	Obtained	In progress	Obtained	Q4-19
Grullas	España	61.6	Build and Own	Obtained	Secured	Submitted	In progress	Obtained	Q4-19
KA2	India	127.8	Build and Own	In progress	Obtained	N/A	In progress	Obtained	Q4-19

Name	Country	MW	Category	Land	Interconnection	Environmental permits	Sale of the project	EPC for third party	Commissioning and operation
Alvarado	España	100.0	Build and Sell	Obtained	Obtained	In progress	Obtained	Obtained	Q1-20
Quinantu	Chile	11.6	Build and Sell	Obtained	Submitted	Submitted	Obtained	Obtained	Q3-19
Panimávida - PMGD SIC SING	Chile	11.6	Build and Sell	Obtained	Secured	Obtained	Obtained	Obtained	Q3-19

“Obtained” refers to the signature of the relevant contract or the provision or improvement of permission and approval as it corresponds; “Secured” refers to the stage where we have received authorization to grant permission and approval relevant, as appropriate, or we have reached a trade agreement on relevant contracts, but signature or final notice are pending; “Sumitted” refers to the presentation of the required documents to the relevant authority according to dictate local laws or applicable counterparts; “In progress” refers to the preparation of the underlying documentation and the ongoing negotiations.

2.2. FUNDAMENTAL FINANCIAL AND NON-FINANCIAL INDICATORS

OPERATING REVENUES

In fiscal year 2018 Operating revenues was EUR 30,101 thousand, down 6.8% on the EUR 32,286 thousand of the first half of 2017. This decrease was due to the falloff in activity of the DEVCON division, which was partially offset by an increase in activity of the POWGEN division.

Revenue

The net amount of the turnover was increased in EUR 13,748 thousand, until the EUR 26,907 thousand during 2018, compared with the EUR 13,160 thousand of 2017, mainly due to increased activity of the POWGEN segment, in which income is increased until the EUR 17,162 thousand in 2018 compared to the EUR 6,255 thousand of 2017. This growth was mainly due to the additional revenues generated in our plants in Telangana (India) and Calama and Puerto Seco Solar (Chile) compared to 2017, since none of them was operational until July 2017. Regarding the DEVCON segment, we recorded revenues by EUR 5,848 thousand of the activities from EPC construction activities for third parties in Chile and Colombia in 2018, when in 2017 there were EUR 3,640 thousand of constructions for third parties and sale of projects in Chile. In relation to the services division, record revenues to third parties by EUR 3,897 thousand in 2018, an increase of EUR 633 thousand on the EUR 3,265 thousand of income for third parties registered in 2017.

Other operating revenues

This section decreased by EUR 1,851 thousand, or 94%, up to EUR 109 thousand during the first nine months of 2018, compared to the EUR 1,959 thousand during the first nine months of 2017. This decrease was mainly due to income from insurance indemnities from our projects in Chile and Uruguay during the first nine months of 2017, which were not repeated during the first nine months of 2018.

Variation of finished products stocks and in process of manufacturing and work carried out by the company for its assets

These items were reduced in EUR 14,848 thousand or 86%, for an income of EUR 2,319 thousand in 2018, from EUR 17,167 thousand during 2017. This decrease was mainly due to the fact that in the first nine months of 2017 inventories increased as a result of recognising the construction costs of the available-for-sale solar PV plants classified as inventories in connection with the final development of the construction projects in Calama (Chile).

OPERATING EXPENSES

Operating costs decreased in EUR 7,937

thousand, or 29.4%, until EUR 19,071 thousand in 2018, from EUR 27,008 thousand during 2017. This decrease was due mainly to the fact that the construction activities related to the Calama and Diego de Almagro plants (Chile) in 2017 were not repeated during 2018.

Provisions

Provisions decreased by EUR 9,936 thousand. This decrease was mainly due to the fact that the construction activities related to the Calama and Diego de Almagro plants (Chile) during 2017 were not repeated during 2018, and that construction underway in Colombia and Chile during 2018 has not sufficiently compensated for this decline.

Personnel expenses

Staff costs were reduced in EUR 948 thousand, or 12,4%, up to EUR 6,674 thousand during 2018 from EUR 7.622 thousand during 2017. This was mainly due to that in 2017 there were booked EUR 1,528 thousand from the management team multiannual bonus corresponding to the 2015-2017 period. During 2018 no staff expenditure from the management team multiannual bonus for the three-year period 2018-2020 has been booked.

Depreciation and amortisation charge

The depreciation and amortisation charge increased by EUR 3,153 thousand to EUR 3,569 thousand in fiscal year 2018, from EUR 416 thousand in fiscal year 2017. This increase was due to more classified PV solar plants there in 2018 as asset in operation than during 2017, meaning Telangana and Calama (Chile) projects.

Other operating expenses and other results

The other operating expenses and other results decreased in EUR 495 thousand, up to EUR 4,318 thousand during 2013 from EUR 4,813 thousand during 2017. This decrease is due mainly to income related to the Telangana project in connection with compensatory amounts for loss of profit in 2018.

Financial income and expense

For 2018, the net financial result was negative by EUR 8,522 thousand, a decrease of EUR 6,625 thousand, from a negative net financial result of EUR 1,897 thousand during 2017. This decrease of the net financial result was due to (i) higher interest financial expense for 2018 by EUR 6,214 thousand due to the greater amount of drawn bank debt compared with EUR 2,115 thousand of financial expenses for interests during 2017, (ii) other financial expenses in 2018 by EUR 590 thousand and (iii) lower financial income by 179 thousand of euros during 2018 from EUR 474 thousand during 2017.

PROFIT TAX

During the year 2018 the Solarpack group has admitted an income tax of EUR 295 thousand, EUR 328 thousand less than the

EUR 623 thousand of income tax recognized in 2017.

PROFIT FOR THE YEAR

As a result of the foregoing, the fiscal year result increases to EUR 5,559 thousand in 2018, from the EUR 5,360 thousand reached during 2017.

TANGIBLE FIXED ASSETS

As of 31st December, 2018, the material fixed assets amounted to EUR 175,136 thousand, EUR 169,940 thousand more than as of 31st December, 2017. The main reasons for this increase are (i) reclassification of EUR 114,619 thousand of operating solar plants considered as commercial stocks to 31st December 2017 because they were available for sale and (ii) the acquisition of 13 MW in Spain increased the fixed assets in EUR 57,120 thousand, as shown in note 6 of the report.

INFORMATION BY BUSINESS SEGMENT

Note 5 of the Consolidated Financial Statements broadly explains the evolution of the activity in terms of the amount of operating revenues, gross margin and consolidated Operating revenues, segmenting the information by each of the three divisions, as well as the manner in which this information is prepared and its reconciliation with the IFRS figures through adjustments and eliminations, the details whereof are given in said note. The reasons and the use of segmented information are also explained in Note 5.

Below, these are data corresponding to exercise 2018 comparing them with the ones of 2017:

EUROS

31.12.2018

	DEVCON (A)	SVCS (B)	Corporate (C)	Aggregate total (A+B+C=D)	Pow Gen (E)	Aggregate total (D+E=F)	Eliminations (G)	Total (F+G)
Operating revenues	**13,536,447**	**4,576,852**	**-**	**18,113,300**	**20,751,144**	**38,864,444**	**(8,763,828)**	**30,100,616**
Non-group customers	6,360,446	3,761,166	-	10,121,612	20,751,144	30,872,756	(4,167,275)	26,705,482
Related-party customers	7,176,001	815,686	-	7,991,687	-	7,991,687	(4,596,553)	3,395,134
Operating expenses	**(13,595,192)**	**(3,275,620)**	**(1,410,971)**	**(18,281,783)**	**(8,278,825)**	**(26,560,608)**	**7,489,530**	**(19,071,077)**
Direct costs	(10,019,556)	(2,809,409)	-	(12,828,964)	(1,923,338)	(14,752,303)	4,666,800	(10,085,502)
SGA	(3,566,607)	(439,160)	(1,410,971)	(5,416,737)	-	(5,416,737)	-	(5,416,737)
Depreciation and amortisation charge	(9,029)	(27,052)	-	(36,081)	(6,355,487)	(6,391,568)	2,822,730	(3,568,838)
Gross Operating Profit (EBIT)	**(58,745)**	**1,301,232**	**(1,410,971)**	**(168,484)**	**12,472,320**	**12,303,836**	**(1,274,298)**	**11,029,538**

EUROS								
31.12.2017								
	DEVCON (A)	SVCS (B)	Corporate (C)	Aggregate total (A+B+C=D)	Pow Gen (E)	Aggregate total (D+E=F)	Eliminations (G)	Total (F+G)
Operating revenues	**36,766,424**	**4,679,467**	**-**	**41,445,891**	**13,051,698**	**54,497,589**	**(2,221,171)**	**32,286,419**
Non-group customers	16,626,118	3,995,316	-	20,621,434	13,051,698	33,673,132	(16,725,049)	16,948,082
Related-party customers	20,140,306	684,152	-	20,824,458	-	20,824,458	(5,486,122)	15,338,336
Operating expenses	**(27,290,154)**	**(3,116,877)**	**(222,891)**	**(30,629,922)**	**(5,735,439)**	**(36,365,361)**	**9,357,647**	**(27,007,714)**
Direct costs	(22,092,811)	(2,571,103)	-	(24,663,914)	(1,712,935)	(26,376,849)	5,693,788	(20,683,061)
SGA	(5,160,906)	(539,189)	(222,891)	(5,922,986)	-	(5,922,987)	14,167	(5,908,819)
Depreciation and amortisation charge	(36,437)	(6,585)	-	(43,022)	(4,022,504)	(4,065,525)	3,649,691	(415,834)
Gross Operating Profit (EBIT)	**9,476,269**	**1,562,590**	**(222,891)**	**10,815,968**	**7,316,260**	**18,132,228**	**(12,853,524)**	**5,278,704**

The year 2018 analysed by segments is characterized by:

- A low level of activity in the DEVCON segment, which, in comparison with the same period in 2017, is the main cause for the decline in operating revenues and in EBIT. This is due to that (i) in 2017 most of the projects won until 2016 were completed and (ii) the Solarpack group has concentrated the start of activity of DEVCON segment in 2018, after a successfully IPO and in the subsequent fiscal year 2019. Main activity entered during 2018 is related to the execution of a turnkey contract EPC Colombia and the beginning of the execution of three turnkey contracts in Chile.
- A significant increase of the exploitation income and EBIT in the division POWGEN, since the projects put into operation since July 2017 have been generating energy operating revenues during all 2018 from the same month of January 2018. This has allowed to offset a relevant portion of the reduction of the income from Operating revenues and EBIT in the segment DEVCON.
- A reduction in services activity, in particular of the 2.2% on Operating revenues, and 16.7% in EBIT, due fundamentally to a non-recurring contract of re-strengthening in Peru during 2017 by EUR 525 thousand which did not recur in 2018.
- As far as corporate segment costs, these show a significant increase, going from EUR 223 thousand in 2017, to EUR 1,411 thousands in 2018. This has been due to activities related to the IPO process that aroused in the funds catchment taken from April 4, 2018 by the Board of Directors, as indicated in note 12.1 of the consolidated financial statements.

2.3. ISSUES RELATING TO CORPORATE SOCIAL RESPONSIBILITY, THE ENVIRONMENT, THE STAFF SAFETY AND COMMUNITY RELATIONS

Our operations are subject to a wide range of laws and regulations, especially of an environmental kind. For the responsible and efficient management of our activities we have several frame policies, which govern the daily life of our management.

CSR POLICY

The policy of Corporate Social responsibility (CSR) of Solarpack, born from the business values and commitments that we assume our groups of interest and the community, which are detailed below:

COMPLIANCE

Comply with current legislation in the countries in which we operate, adopting, complementarily, international standards and guidelines where there is no adequate legal framework. No employee will knowingly collaborate with third parties in violation of any law, nor participate in any action that compromise the respect for this principle of legality.

HUMAN RIGHTS

Rights Statement and, in particular, those whose violation degrades to the workers collective, rejecting child and forced or compelled work.

FAVOURABLE LABOUR FRAMEWORK

Develop a favourable framework for labour relations based on equal opportunities, non-discrimination and respect for diversity, promoting a safe and healthy work environment and facilitating communication between the human team of Solarpack.

INTEGRITY

Reaffirm for its integrity as a one of the main principles of the Solarpack culture.

ETHICS

Act ethically in all our relationships, both internal and external.

AVOID CONFLICTS OF INTEREST,

Treating them appropriately when they occur.

DEVELOPMENT

Contribute to the development of social environments in which we operate respecting the signs of identity of the local communities and maintaining a permanent dialogue with all groups of interest, adding their expectations to projects.

SOCIAL WORKS

Focus our Social Projects in meeting needs and in promoting our values in the environments where our work centres, facilities and offices are located.

PARTICIPATION

Involve collaborators in all activities derived from these values and commitments, by communicating, instructing and demanding compliance in all activities developed in Solarpack.

GIVEN THE NATURE OF OUR BUSINESS, OUR ACTIVITIES AND RESPONSIBLE MANAGEMENT PROCEDURES DEVELOPPED, FROM SOLARPACK WE ARE ESPECIALLY ALIGNED WITH THE FOLLOWING ODS:

ENVIRONMENT

To comply with these demands we have a policy of quality, environment and safety, approved in December 2017, which is established as a framework in which the activities of Solarpack, considering the context in which they are to out, in a way that the expectations and needs of our customers are satisfied, environment is protected and safety and health of workers as third parties involved in the development of its activity is ensured.

This policy is based on the following pillars:

QUALITY

Prioritise Quality, understood as the fulfilment of the Customer's requirements and the satisfaction of a job well done, being able to attain their needs and expectations and anticipating possible changes, working at all times with professionalism, ethics and transparency.

MANAGEMENT SYSTEMS

Establish management systems based on continuous improvement and the establishment of adequate objectives in order to optimise performance.

MITIGATE RISKS

Identify, evaluate, prioritise and mitigate the Health and Safety risks associated with the activities developed in our companies and the work places where they are carried out, with preventive purpose.

HEALTH & SAFETY

Prioritise and give high visibility to Health and Safety practices in Solarpack, informing workers adequately about the risks to which they may be subjected.

ENVIRONMENT

Prevent pollution and protect the environment, identifying and minimising the environmental impact derived from our activities, with a sustainable use of resources and the best available technologies and practices.

COMPLIANCE

Ensure compliance with the applicable legislation, the requirements of the customer and other minimum requirements that the company sign in each and every one of the countries where Solarpack develops its activity.

MOTIVATED EMPLOYEES

Achieve the active and responsible involvement of all employees of Solarpack promoting personal development, teamwork and adequate training to facilitate their performance and participation in the continuous improvement of the management of the company.

MOTIVATED CONTRACTORS

Integrate our contractors in the commitment of quality, the environment and safety and health, within the process of project execution.

COMMITMENT

Carry out a specific follow-up of this Policy through the Audit Committee of the Board of Directors of Solarpack.

In pursuance of this policy, for all projects that we carry out, a specific plan is developed of environmental performance, in which dealt with the following actions:

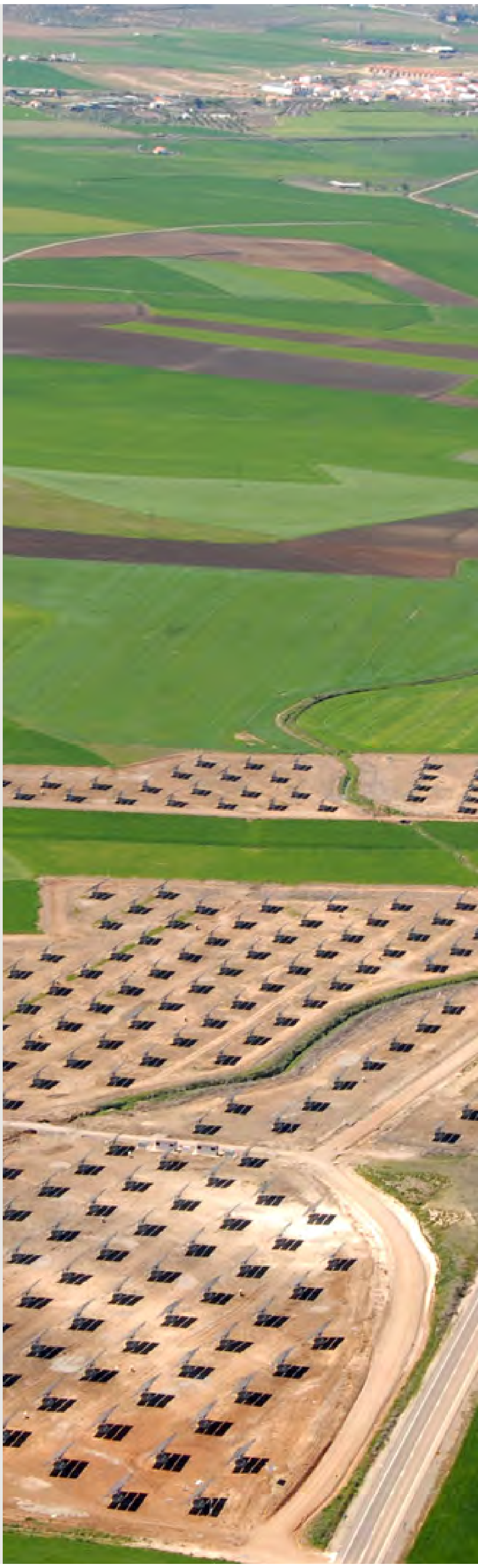
- **Describe and detail the possible impacts and key risks of the project.**
- **Implement environmental and/or social measures to avoid, minimize, compensate or mitigate the eventual impacts and key risks.**
- **Point out the liabilities of the company related to processing and execution of the environmental actions.**
- **Developing actions to ensure the health and safety of staff and the community where we are operating.**
- **Develop a follow-up program of environmental and/or social measures for the project, incorporating the community participation.**

In the past three fiscal years, we have not incurred in any type of incident or environmental sanctions, which demonstrates the effectiveness and compliance with the established procedures.

COMMUNITY RELATIONS PROGRAM

In the development of our projects always maintain a fluid dialogue with the communities where we are operating. In projects developed in compliance with the IFC standards, we are guided by Standards of Performance on Environmental and Social Sustainability, which include the following actions:

- Management of communications and community relations both internal and between the company, contractors and workers with the community.
- Development of programs to encourage the hiring of local labour and local supplier development.
- Development of accommodation programs for the staff.
- Establish a code of conduct and a program of monitoring and public surveillance.
- Implement a mechanism to receive feedback from Solarpack workers.
- Implement a mechanism to receive feedback and complaints from the community to the project.
- Generate a fluid and permanent communication between the company, near the area of influence populations and local authorities.
- Disseminate the importance of the use of alternative energy sources, specifically the use of solar energy and its operation process and its contribution to the local and international development.



STAFF HEALTH & SAFETY

The prevention of occupational risks is a very important aspect in the construction and operation and maintenance activities. Therefore, in the development of these activities, the company maintains a high level of activity in training and awareness of employees, who are responsible for their own safety, as well as the safety of other subcontractors that carry out their work in facilities owned by the Solarpack Group. Control of accesses, induction talks and adequate supply of protective equipment is part of our daily activities.

The Audit Committee of the Board of Directors of Solarpack performs a monitoring and quarterly review of all incidents and accidents in the Health and Safety area of the company. In 2017 and in 2018 there were no accidents or incidents classified as fatal or serious, serious meaning that the employee has had to miss work as a result.

Our commitment is to ensure a job free of accidents and professional diseases for all workers in an environment of healthy coexistence and care of own goods or used third parties. So that we carry out the following actions:

- Facilitate the implementation of the provisions.
- Promoting a proactive attitude towards safety and personal health.
- Protect the integrity and health of staff involved through her application of preventive actions.
- Promote safety as the first priority in the design, planning, training and execution of the works.
- Motivating workers in the use of safe and clean working practices.
- Describe and detail the key risks of the projects.
- Implement measures to prevent, minimise, compensate or mitigate the risks.
- Define the responsibilities related to the development and implementation of risk control actions.
- Develop a monitoring program for the project control actions.

SUPPLIERS

In all contracts annexes are introduced with environmental, social and health and safety provisions, which include our social environmental plans and safety and health, as well as the documentary requirements in these areas.

3. CASH FLOW AND CAPITAL RESOURCES

CASH FLOW

Prudent management of cash flow risk implies the maintenance of sufficient cash and the availability of financing through a sufficient amount of credit terms. In this connection, the Solarpack Group's strategy is to maintain, through its financial department, the required financing flexibility by means of available credit lines.

Note 4.1 to the consolidated financial statements shows the Solarpack Group's liquidity reserve at 31st June 2018 and the comparative figures at 31st December 2017. This liquidity amounts to EUR 118,409 thousand, down by EUR 85,625 thousand with respect to the end of 2017, due mainly to a decrease in cash and cash equivalents, offset by an increase in other current financial assets and credit lines not yet drawn down.

However, a portion of this liquidity, EUR 17,199 thousand at 31st December 2018, corresponds to various SPVs of the POWGEN division. This liquidity can not be used for different needs than the ones of each project or SPV; this as a result of the obligations governing agreements of long-term financing of the above plants. It should be noted that priority in the use of this liquidity will be given to settling operating expenses and, afterwards, to project finance debt servicing. This liquidity can be used by the DEVCON and SVCS divisions when the conditions permitting cash distributions from the projects to the related shareholders/partners have been met. That said, administrators say that the levels of the cash flow reserve that can be usable by DEVCON and SVCS, segments in particular EUR 101,210 thousand at 31st December 2018, are sufficient for their operation needs major and for its ambitious investment plan described in section 5 of this report.

Note 4.1 to the consolidated financial statements also shows the Solarpack Group's Working Capital position at 31st December 2018 and the comparative figures at 31st December 2017 and 2015. In this sense, the composition of the Working Capital has been altered very substantially due to the strong increase in cash and other liquid media as a result of the capital increase carried out in the company and to decide the Solarpack group to different plants Solar PV are no longer available for sale due to a change in strategy, as shown in note 2.5 of the Consolidated Financial Statements. This last means that the Working Capital linked to PV solar plants that were available for sale as of 31st

December 2017 disappears under this heading, resulting in a significant reduction of the same coming to counteract the increase in fruit of the mentioned capital increase. Considering both effects, the Working Capital increases from EUR 41,291 thousand as of 31 December 2017, up to the amount of EUR 90,870 thousand as of 31 December 2018.

Although the size of the working capital considered in isolation is not a key parameter required to understand the Group's interim consolidated financial statements and related explanatory notes, the Group actively manages the working capital through the net operating working capital and the current and non-current net financial debt, on the basis of the solidity, quality and stability of relationships with its customers and partners with which it has made investments in other countries, as well as an exhaustive monitoring of its position with the banks. Note 14 to the consolidated financial statements shows the Solarpack Group's debt at 31st June 2018 and the comparative figures at 31st December 2018 and so compared with December 31st, 2017. The composition of the Group's debt was also affected by the decision not to hold assets for sale, with the concomitant impact on Working Capital. One example was the reclassification from "Current Liabilities" to "Non-Current Liabilities" of the long-term loans arranged by the Chilean and Indian solar PV plants.

Also, the shares owned by the shareholder ACE Renewable Holding USD, S.A. were classified as new debt, amounting to EUR 5,204 thousand, for the reasons indicated in Note 12.1 to the consolidated financial statements. On the other hand, in line with the increase of fixed assets for the purchase of the 13 MW in Spain, debt associated with these projects has contributed to the increase of the debt on December 31st, 2017.

As a result of all the foregoing, total debt increased slightly by EUR 61,454 thousand from EUR 98,247 thousand at 31st December 2017 to EUR 159,701 thousand at 31st December 2018.

However, the directors consider that there is no significant cash flow risk.

CAPITAL RESOURCES

The Group's capital management objectives are to safeguard its ability to continue as a going concern, generate returns for the shareholders and maintain an optimal capital structure while reducing the cost thereof.

The POWGEN division has the greatest influence on the capital structure. This is due to the significant level of investment it requires and the high visibility of the long-term cash flows it offers. Therefore, it is habitual for investments in the POWGEN division to be around 75% financed with non-current debt with limited guarantees. These non-current borrowings are more than sufficiently secured by the solar PV plants that they are financing, and in general terms guarantees are not provided by the shareholders ("project finance borrowings"). Therefore, most of the Solarpack Group's borrowings are arranged in "watertight compartments", and any repayment problems affecting one project finance arrangement would not affect Solarpack Group assets other than those associated with the solar PV plant that is experiencing the repayment difficulties.

Capital resources are monitored by the Solarpack Group on the basis of the leverage ratio. Note 4.3 to the consolidated financial statements shows the leverage ratio, which is calculated as the net financial debt divided by the total capital employed in the business. Thus, the leverage ratio has declined from 0.58 to 31st December 2017 until 0.24 to 31st December of 2018. The main reason for this reduction has been the expansion of capital held by the company in December 2018.

This level of leverage ratio is very below the regular leverage ratio of 0.75 in the segment POWGEN, indicating that the DEVCON and SVCS segments have additional capital resources and that the company offers optimum conditions to execute its ambitious investment plan referred to in section 5 of this report.

ANALYSIS OF CONTRACTUAL DEBENTURES AND OFF-BALANCE SHEET TRANSACTIONS

Note 23 in the consolidated financial statements shows the main element related to this heading. In this sense, we want to point out that there are no investment commitments as of 31st December, 2018, although we must consider the information included in section 6 of this report, with respect to the investment in new solar generation plants FV which the Group intends to build in 2019.

As regards its contractual lease debentures, the Solarpack Group leases most of the land on which its solar PV plants are located, with the exception of that corresponding to its assets in Telangana, India. These are long-term leases agreements, but most can be terminated by the lessee in the event of the discontinuation of power generation activities. Before PV solar power plants are built and are put in operation, most lease agreements are essentially leasing options to for the tenant, by which they mean no material contractual debentures during that phase of the life of the projects.

The great majority of the off-balance sheet transactions relate to guarantees and surety bonds associated with the various activities of the Solarpack Group's divisions. Note 23 to the consolidated financial statements includes information on the amount of these obligations. The operating segment with the highest number of guarantees required for its activity is the DEVCON. In this regard, it is customary to have to provide guarantees or surety bonds in electricity supply tenders in order to obtain new PPAs. Also, the construction activity requires guarantees that we provide as a turnkey constructor, to secure the obligations to which we commit ourselves within the framework of EPC contracts.

4. MAIN RISKS AND UNCERTAINTIES

4.1. OPERATIONAL RISKS

REGULATORY RISK

The electricity generation activity is regulated in all the jurisdictions in which the Solarpack Group operates. Therefore, regulation can have a direct impact on the Group's income. Note 1.2 to the consolidated financial statements contains an overview of the most relevant regulatory frameworks affecting the Group.

Regulatory risk can arise in the following ways:

In the segment POWGEN

- It can impact the power generation revenue of the power generation assets subject to regulated selling prices. This is the case of the generation assets in Chile (small distributed generation means ("PMGDs")) and in Spain. Unfavourable changes in the regulations in either market could affect the average selling price of these assets.

- New technical requirements or new taxes on generation could give rise to an increase in the operating costs of any asset that is adversely affected by regulatory changes of this nature.

In the segment DEVCON

- If the regulations make the process of obtaining permits and licences for a project more expensive, for example by demanding greater investments in electricity interconnection work, the margins of our DEVCON division could be reduced.

- In addition, any regulatory change that makes the use of solar PV technology in the generation market less attractive could result in

lower growth possibilities for the industry and a lower volume of future business for our DEVCON segment.

There are not expected to be any significant regulatory risks affecting the **SVCS division.**

Regulatory risk mitigation is performed through a suitable diversification geographical and ensure the possibility of hiring non-recourse debt to shareholder in projects.

OPERATIONAL RISK

Operational risk in the Solarpack Group's activities exists to the extent that the Group carries on industrial power generation activities at its POWGEN division and construction activities when the process of developing a project at its DEVCON division has been completed.

The operational risk lies in the impossibility of generating electricity or of completing work on a solar PV plant. In order to minimise these risks, the Solarpack Group takes the following measures:

- Insurance: the vast majority of the aforementioned operational risks can be insured. Thus, during both the operation and the construction of the solar PV solar plants the Group designs a complete insurance programme with insurers of acknowledged solvency in order to adequately cover these risks.
- Quality processes: the development company - all operation and maintenance processes suitable for those events not insurable breakpoints in generating power are minimal. Also, the Group keeps certain spare parts at plant so that generation outages can be resolved rapidly.
- Outsourcing: transfer the risk of finalisation of a project to a third party with a turnkey contract when you consider that the company is not in position of assuming all operational risk.

CUSTOMERS CONCENTRATION

The Solarpack Group operates at its POWGEN division with PPAs for the sale of electricity or with regulatory schemes that in many cases have a principal customer as the buyer of the power (100% in the case of PPAs with a single customer). As regards its DEVCON division, when the Group performs "Build&Sell" projects, high customer concentrations arise as a result of the volume of EPC contracts signed. The SVCS division generally generates less revenue, has greater customer dispersion than the other two divisions and is more stable from one period to the next and, therefore, it is not significant for the purpose of analysing the concentration of the Solarpack Group's customers.

In fiscal year 2018 the volume of business under "Build&Sell" projects dropped and, therefore, the degree of customer concentration was determined by the POWGEN division. In Specifically, in the first six months of 2018 42% of the Solarpack Group's billings were concentrated at two customers, specifically the Indian state electric utilities Southern Power Distribution Company of Telangana, Ltd. and Northern Power Distribution Company of Telangana, Ltd. On the other hand, the most important customer of DEVCON division concentrated during the year 2018 19% of the turnover of the Group Solarpack.

This high concentration of customers is mitigated by the fact that PPAs are long term and oblige the buyer to purchase power during the whole term of the agreements and, therefore, after a PPA has been signed, any loss of business in the future would only arise in the event of the insolvency of the buyer and not as a result of commercial decisions of the latter, and not by the same commercial decisions, once the PPA is signed. In other words, in this case of customers of this nature the risk is more financial and not so much operational, since these two customers that account for a significant percentage of our sales will continue to acquire, for the next 25 years, the electricity that we generate due to the firm obligations provided for in the related PPAs.

The EPC contracts that are usually signed in "Build&Sell" projects are also binding for the buyer and generally have a construction period of less than one year.

4.2. FINANTIAL RISKS

MARKET RISK

1. INTEREST RATE RISK

The existence at the Group of bank borrowings tied to a floating interest rate, as part of the financial debt, means that the Solarpack Group is exposed to the risk of interest rate fluctuations, which directly affect profit or loss and the generation of cash flows. This is made even more significant by the fact that the average term of the Solarpack Group's borrowings is high, due to the relative importance of project finance borrowings.

The objective of the Solarpack Group in this area is to arrange hedging financial instruments, mainly interest rate derivatives (IRSs), which eliminate a substantial portion of this risk. The complete elimination of risk in project finance arrangements is also undesirable because it introduces barriers to future refinancing or early partial repayments of the debt. The specific policies that the Solarpack Group seeks to apply in this regard are:

- No IRS hedging for floating-rate loans or credit lines with maturity of three years or less.
- IRS coverage by up to 74% of the term and 75% of the outstanding balance in the case of financing with a period exceeding 3 years.

Note 15 to the consolidated financial statements shows the IRSs that the Solarpack Group had arranged at 31 December 2018.

Also, there are some currencies, for example the Indian rupee, for which it is difficult to arrange effective IRS hedging and in liquid markets; with this, the Solarpack Group seeks to arrange fixed-rate borrowings with the longest term possible. Therefore, the borrowings in Indian rupees indicated in Note 14, with an equivalent euro value of EUR 57,613 thousand, bear interest at a fixed rate for a period of ten years from the date on which they were arranged.

In addition to the interest rate risk associated with borrowings, given the nature of its business, the Solarpack Group must manage interest rate risk from the date on which it signs a PPA or is awarded a tender for the long-term sale of power under any regulatory framework and the date on which it is able to conclude a financing agreement. In this case, having used interest rate assumptions when bidding for the PPA or tendering some kind of other bid, there is an interest rate risk that can make the project unfeasible when interest rates have been increased when concluding the financing. To do this, and when there are deadlines longer than 18 months between the signing of the PPA and the closing of the financing agreement, the risk of interest rate sensitivity is analysed in the operation and eventually engage derivative instruments such as swaptions and IRS forward. This is the case of Granja Solar (Chile), project on which the Solarpack Group intends to start construction work at the end of 2018.

2. FOREIGN EXCHANGE RISK

The activity of the Solarpack Group is highly international and, therefore, subject to the influence of various currencies. These currencies include most notably the US dollar and the Indian rupee.

The foreign currency risk is different for each of the Solarpack Group's divisions.

POWGEN: In this case, the foreign currency risk arises when the revenue from the sale of electricity is denominated in a currency other than the euro. The Solarpack Group applies the following policies for managing this risk:

- The project finance borrowings must be denominated in the same currency as the long-term revenue from the project in question. Where this is not possible, repayments of project finance borrowings must be hedged with a long-term foreign exchange risk hedging instrument.
- The EPC turnkey construction contract for each new solar PV plant must be denominated in the same currency as the long-term revenue from the project in question. Where this is not possible, the payments under the EPC contract must be hedged with a short-term foreign currency risk hedging instrument with a maximum term of one year.
- Equity investments in SPVs owning solar PV plants whose long-term revenue is

denominated in currencies other than the euro or the US dollar must be hedged by foreign currency hedges with a minimum term of one year, and these must be renewed on expiry if the Solarpack Group has retained its investing position and the currency hedges market conditions are favourable. These foreign currency hedges only cover the risk relating to the capital invested in the SPV, and not the latter's profit or loss or dividends.

DEVCON: The risk of exchange rate appears when the contracts for the development and construction of a project are split in more than one currency, either income or expenses. The Solarpack Group applies the following policies for managing this risk:

When the EPC turnkey construction contract is entered into, any supply of equipment or construction and assembly contract denominated in a currency other than that of the EPC must be analysed and, depending on the term, amount and currency risk, a foreign currency derivative must be arranged.

SVCS: In this case, the main risk arises when the currency in which staff costs are denominated is different from that in which the related SVCS contract is denominated. The Solarpack Group applies the following policies for managing this risk:

For contracts (i) with a term of more than four years; (ii) whose selling price is not indexed to inflation; and (iii) in which the staff costs exceed 40% of the selling price, the foreign currency risk must be hedged.

December 31, 2018, the Solarpack group has contracted any hedging instrument of exchange rate. With regard to the hedging Indian rupee-euro exchange rate extending to cover the risk of exchange rate of own capital invested in solar plants located in Telangana, India, and have its long-term power sales contracts called in Indian rupees, this coverage has expired the same day December 31st, 2018 and the Solarpack group is negotiating its extension while waiting for that liquidity in the euro-Indian rupees futures markets is more favourable. If as of December 31st, 2018, the euro is devalued/re-evaluated by 10% vs all the functional currencies other than the euro keeping constant the other variables, equity would have been higher / lower in EUR 3,284 / 4,170 thousand. The detail by currency is the following:

	EUR	
	31.12.2018	
	10%	(10%)
Dollars	(565,688)	850,874
Chilean peso	(1,498,189)	1,831,267
Indian rupee	(1,233,913)	1,504,850
Other currencies	13,739	(16,787)
Total	**(3,284,051)**	**4,170,204**

If the average exchange rate of the euro in 2018 had been devalued/reassessed by 10%

with respect to all functional currencies other than the euro, keeping the rest of the variables constant, the result after tax for the year would have been higher/lower at EUR 299/375 thousand, mainly as a result of the exchange to euros of the profit and loss account.

The detail by currency is the following:

	EUR	
	31.12.2018	
	10%	(10%)
Dollars	48,309	(49,541)
Chilean peso	(203,181)	248,322
Indian rupee	(145,622)	177,916
Other currencies	1,007	(1,232)
Total	**(299,487)**	**375,465**

3. FINANCIAL INSTRUMENTS PRICE RISK

The exposure of the company to capital securities price risk is to void due to that maintained investment is not available by Solarpack Group and classified in the consolidated balance sheet as available for sale or at fair value with influence on results.

4. RISK OF PRICE IN RAW MATERIALS

Within the POWGEN division and given the renewable nature of the Solarpack Group's power generation business, there is no exposure to commodity price risk relating to raw materials used in the production process.

The DEVCON division does have slight exposure to commodity price risk relating to raw materials such as steel or zinc, in the supply of metallic structures and profiles in the construction of its projects, but it is not material and the contracts for the supply of these materials are generally negotiated at fixed prices.

The SVCS division is not exposed to any input that might have an impact on the risk of the activity due to changes in raw material prices.

5. CREDIT RISK

Note 9 to the consolidated financial statements shows the balances of "Trade and Other Receivables". Note 11 to the consolidated financial statements shows the balances of "Cash and Cash Equivalents".

The credit risk that arises from cash and cash equivalents cash and deposits with banks and financial institutions is considered insignificant by the credit quality of the banks with the Group, or the titles of cash equivalent where there is investment.

The credit risk relating to accounts receivable is not considered to be high because the customers are leading companies in each of the countries in which these plants operate, with high credit ratings and, therefore, no specific hedges are arranged to hedge this risk. The accounts receivable are concentrated mainly at the companies in the POWGEN division, since 82,25% of the balance of the trade receivables relates to this division. These companies are mostly public and private electricity distributors.

In 2018, with the operation of the solar plants in India throughout the year, the turnover of the same increased substantially with regard to the year 2017. This fact, together with the effective term of payment of the Indian market is higher than the average for the rest of the Group markets, makes that it has increased the amount of the balance in books of accounts receivable POWGEN segment. The society monitors permanently the evolution of balances of payment and considers that credit risk is not significant.

The Group has endowed by 31st December of 2018 June an amount of EUR 89 thousands, the Group had recognised write-downs of EUR 2.2 thousand on accounts receivable and cash in accordance with the policies indicated in Note 2.2.2.(1), considering the credit analysis in their positions in these assets.

5. LIQUIDITY RISK

Liquidity risk is addressed in detail in section 3.1, Liquidity.

5. IMPORTANT EVENTS AFTER THE CLOSE

There are no important events occurring after the end of the year.

Subsequent to December 31st, 2018, changes have occurred in the Board of Directors. In particular, 25th January 2018 and on the occasion of the new share structure of the company after the IPO the same, Mr. Antonio Galíndez Zubiría left his post as a member being replaced by Mr. Rafael channels Abaitua, and Mr. Ignacio Artázcoz Barrena was appointed Vice - Chairman of the Board of Directors.

6. LIKELY EVOLUTION OF THE ENTITY

The Solarpack Group decided in May 2018 a change in its business model, going from high activity in rotation of solar PV assets, to a greater degree of retention of these assets under the Build & Own mode.

This change in business model has two fundamental impacts:

- **Higher levels of investment and growth of the balance volume**
- **Increased revenue recurrence due to the increase in the importance of the PWGEN and SVCS divisions in the company's income**

The Solarpack Group has completed a financing process as detailed in the consolidated financial statements note 12.1 to provide resources and to implement this change.

It has also completed the construction of a solar PV in Colombia, of installed capacity harvested 10.5 MW, in modality of EPC contract.

Similarly, the Solarpack group is working with intensity in the consolidation of a portfolio of projects ready to execute its construction in the coming months and achieve a successful implementation of the new business model.

The culmination of these two fronts will imply an important transformation of the company, due to an increase in volume of activity and of power generation.

As regards to the projects portfolio consolidation, in 2018 the Group has achieved a volume of Build&Own and Build&Sell contracts that offers very good prospects for landing new business over the coming 15 months. Three of these projects are already under construction in Chile with a volume of 144 MW of power once completed its construction.

The objectives of the company during the period January 2019 to December 2019 go through the following milestones:

Continuous improvement in the operation of (i) the operating assets of POWGEN and (ii) the existing contracts of SVCS.

Advance substantially in the construction of

- Two solar PV plants located in Spain for a total of 100 MW of installed power under the Build & Sell mode, for which it has already signed EPC and PPA contracts with a third party. These contracts are subject to the condition of obtaining of permits and authorisations that will allow to start construction.
- Three solar PV plants located in Spain for a total of 111 MW of installed power under the Build & Own mode. These solar PV plants will benefit from the rights obtained by Solarpack in the renewable energy auction convened by the Government of Spain in July 2017, in which Solarpack was awarded rights for an installed capacity of 100 MW.
- One solar PV plant located in Chile for a total of 124 MW of installed power under the Build & Own mode. This solar PV plant will benefit from contracts PPA which the Solarpack group has signed with the electric distributor companies regulated of Chile, after the award in the auction of renewable energy organized by the Government of Chile in 2016 and that Solarpack won rights for the sale of up to 280 GWh annual energy over a period of 20 years starting from January 1st, 2021.
- Four solar PV plants located in Chile for a total of 45 MW of installed power under the Build & Sell mode, for which it has already signed EPC and PPA contracts with a third party. These contracts are subject to the condition of obtaining of permits and authorisations that will allow to start construction.
- Five solar PV plants located in India for a total of 130 MW of installed power under the Build & Own mode. This solar PV plants will benefit from the PPA contracts that the Solarpack Group has signed with three public electricity companies of the state of Karnataka (India), after the renewable energy auction convened by the Government of state of Karnataka in 2018 in which Solarpack was awarded rights for the sale of the power generated by those plants during a period of 25 years.

The achievement of these objectives will lead to

- a significant volume of cash generated by the activities of DEVCON, both in Build & Sell and in Build & own projects
- a high investment to be made in the Equity capital required by the SPVs of the new Build & Own facilities

This Management Report of the Solarpack Group contains certain prospective information that reflects the plans, forecasts, or estimates of the company's managers, which are based on assumptions that are considered reasonable by them. However, the user of this report must bear in mind that prospective information should not be considered as a guarantee of the entity's future performance, in the sense that such plans, forecasts or estimates are subject to numerous risks and uncertainties that imply that the future performance of the entity does not have to coincide with its planned performance. Such risks and uncertainties are described throughout the management report, mainly, although not exclusively, in the section that deals with the main risks and uncertainties that the entity faces.

7. RD&I ACTIVITIES

The Solarpack Group has always given relevance to the knowledge of new technologies in solar PV generation and other complementing technologies. Our activity is not manufacturing, but system integration. In this sense, the company pursues the knowledge of innovative technologies that can increase competitiveness of its future projects, as a guarantee of the future growth of the Group. During fiscal year 2018, the company has focused its efforts on the following RD&I lines.

NEW TECHNOLOGIES OF MODULES AND PV INVERTERS

A pilot facility to be located in the solar plant called Pozo Almonte Solar 1 in Chile (already in service) in order to test new PV solar module technologies, such as PERC or bifacial technologies, and an electricity storage device with batteries to operate in conjunction with the solar PV modules. The assembly and start-up of the pilot facility was completed during the third quarter of 2018, for a total amount of EUR 165 thousand, of which 125 thousand have been recorded in the assets as tangible fixed assets.

STORAGE

Electric storage systems with batteries are a novelty that can bring important changes in how the solar PV plants of the future are designed on an industrial scale. Every month this committee meets to analyse the novelties of the battery market, evaluate business models in the field of battery system uses, and propose RD&I investments as indicated in the previous point.

DEVCON

In the DEVCON division, work is being done on the processing of permits and licenses for two projects, on an industrial scale, for the integration of battery systems with solar PV generation, with the aim of

- run one of them as a pilot installation, with a total of 3 MW of installed power.
- Prepare the second to offer PPA contracts exceeding the generation time limitations of solar PV.

SVCS

The improvement and fine-tuning of the computer remote operating centre (ROC) to monitor the technical activities of operation and maintenance.

A new computerised system for reporting and recording the activities of the entire team of operators has been implemented, through which the traceability of activities and the performance and design of maintenance plans will be improved.

8. ACQUISITION AND DISPOSAL OF OWN SHARES

Not applicable.

9. DIVIDEND POLICY

Solarpack intends to reinvest the generation of cash in new developments of projects that will allow the company's business to grow in the medium term and thus increase the value of the shares of its partners. Therefore, Solarpack does not plan to pay dividends in the next three years. Once that period has ended, with visible growth, the company will analyse the growth opportunities at that time and reassess the dividend policy.

10. STOCK MARKET INFORMATION

Main shareholders

Beraunberri, S.L.	**48.750%**
Burgest 2007, S.L.	**9.656%**
Onchena S.L.	**6.3%**
Santander Asset Management	**5.5%**
EDM Gestión S.G.I.I.C. S.A.	**3.6%**
Landa LLC	**3.007%**

Evolution of the share

Average daily volume of cash in 2018:
623,362.42 EUR

Variation of the price of the stock to 31.12.208 with respect to the issue price in the capital increase of 4.12.18 (8.3 EUR per share): + 20.5%

11. SOCIAL COMMITMENT

As part of our commitment to creating value for society, from Solarpack we collaborate with various projects of social action, especially in developing countries, through projects focused on the improvement of infrastructures and facilities in schools, shelters or health centres; as well as in the development of different activities that provide social and professional skills to disadvantaged groups.

AMSUDAN (SUPPORT TO MISSIONARIES IN THE SUDAN)

Installation of 30 Kw of PV generation in a school in Sudan.

More information at
www.amsudan.org

CRISTO REY DE LOS JESUITAS CENTRES IN PERU

Financial support for the construction of centres in the cities of Ilo and Tacna (Peru). These centres foster people in a situation of exclusion and poverty, specially disadvantaged children offering them food services, workshops on personal development and social skills in order to procure them in future access to social opportunities and labour. Today they are fostering 130 children.

More information at
www.elcentrocristorey.org

Our commitment to creating value to society

IN INDIA, Solarpack and its minority partners in projects of Telangana agreed in 2018, establish a specific annual appropriation for social issues subject to conditions of distribution of free cash to shareholder in projects, equivalent to about INR 2.952,51 thousands for:

- Promoting preventive health care.
- Promoting education.
- Promoting gender equality.
- Promoting measures to reduce social and economic inequalities that affect groups and disadvantaged communities.
- Contributing to environmental sustainability, ecological balance and the well-being of the animals.

LO QUE DE VERDAD IMPORTA FOUNDATION

Support for activities aimed at the education and training of young people and employees of companies and shares of international cooperation, such as volunteering in Africa.

More information at www.loquedeverdadimporta.org

CENTER OF EDUCATION, ORGANIZATION AND PROMOTION OF THE DEVELOPMENT OF ILO (ILO CEOP), PERU

This institution promoted by the Compañía de Jesus, aims to promote public policies oriented to boost a fair, equitable and solidarity-based society in the region of Moquegua. CEOP Ilo carries out policies that protect the most vulnerable population, contribute with its education quality and develop the economy and society through the promotion of solidary projects of entrepreneurship.

Solarpack collaborates with the CEOP Ilo in its "Escuelas sin violencia" programme which aims to eradicate this scourge of colleges and institutes of provinces in the South of Peru.

More information at www.ceopilo.org.pe/

COOPERATION WITH FUNDACIÓN EKI

Founded in 2017, the Fundación Eki gives priority to the projects in schools and health centres which do not have a stable and sustainable supply of electricity, mainly in sub-Saharan Africa and in South America, particularly in line with the objective of sustainable development (affordable and not pollutant energy) the 2030 United Nations Agenda.

Based on the energy needs of every project, we design the installations of autonomous electric generation. Also, we supervise the installation of the equipment and its implementation in place.

Where possible, we rely on installers and local supplies in order to develop on-site capacities and facilitate the installation and maintenance of the facilities. In this way, EKI contributes to the establishment of a local industry in the field of renewable energies and to the training and development of its professionals.

So far, the Foundation EKI has provided installations of photovoltaic solar energy to several schools and medical centres in the Democratic Republic of the Congo, Sierra Leone, Sudan, South, Malawi and Bolivia.

More information at
www.fundacioneki.org

It is a completely independent Solarpack institution, complete with own dedicated full-time staff, but which has usually Solarpack staff's support.

ANNEX I: ALTERNATIVE PERFOMANCE MEASURES

Alternative measures of Performance	Unit	Definition	31.12.2018	31.12.2017	Relevance of use
Direct costs	m Euros	Supplies + Direct personnel costs + Other direct performance costs + Other direct profit	(10,086 m€) = (4,221 m€) + (4,148 m€) + (3,642 m€) + 1,927 m€	(20,683 m€) = (14,158 m€) + (3,957 m€) + (4,035 m€) + 1,466m€	Profitability measure used by the Directorate to measure the operating expenses directly attributable to each project and in this way evaluate its evolution.
Gross Margin	m Euros	Operating revenues + Managerial costs	20,015 m€ = 30,101m€ + (10,086 m€)	11,603 m€ = 32,286m€ + (20,683 m€)	Operational profitability measure used by the Administrators to evaluate the generation of results without considering those expenses that are not directly attributable to the projects.
% Gross Margin	%	Gross Margin / Operating revenues	66.49% =20,015 m€ / 30,101 m€	35.9% =11,603 m€ / 32,286 m€	Performance measure used by the Management to measure the percentage of operating profitability excluding the indirect production costs.
SGA	m Euros	Supplies + Personnel costs + Other operation costs + Other direct profit - Direct costs	(5,417 m€) = (4,221 m€) + (6,674 m€) + (6,534 m€) +1,927 m€ + 10,086 m€	(5,909 m€) = (14,158 m€) + (7,622 m€) + (4,813 m€) + 20,683 m€	Measurement of general, administrative and commercial expenses that are not directly attributable to the projects.
Gross Operating Profit (EBITDA)	m Euros	Operating revenues + supplies Personnel Expenses + Other operating expenses + Other proft	14,598 m€ = 30,101 m€ + (4,221 m€) + (6,674 m€) + (6,534 m€) +1,927 m€	5,695 m€ =32,286 m€+(14,158 m€) + (7,622 m€) +(6,278 m€) + 1,466 m€	Operational profitability measure without considering the interests, taxes and amortizations. The Managers used this performance measure to evaluate the ability to generate cash flow from exploitation of projects.
% EBITDA	%	Gross Operating Profit (EBITDA) / Operating revenues	48.5% =14,598 m€/30,101 m€	17.6% = 5,695 m€/32,286 m€	Measure of% of operating profitability without having in consideration of interest, taxes and amortizations with respect to Operating revenues
EBIT	m Euros	Gross Operating Profit (EBITDA) + Amortization of the fixed assets	11,030 m€ =14,598 m€ +(3,569 m€)	5,279 m€ = 5,695 m€ + (416 m€)	Operational profitability measure without considering interests and taxes
% EBIT	%	Gross Operating Profit (EBIT) / Operating revenues	36.64% = 11,030 m€ / 30,101 m€	16.3% = 5,279 m€ / 32,286 m€	Measure of% of operating profitability without having in consideration of interest and taxes with respect to Operating revenues
Net Financial Debt	m Euros	Long-term debts + Short-term debts - Liabilities for Derivatives - Cash and other assets Equivalent cash - Short-term credits - Other short-term financial assets	50,994 m€ = 143,621 m€ + 1 m€ + 16,080m€ + (4,353m€) + (94,280 m€) + (614 m€) + (9,462 m€)	73,183 m€ =3,352 m€ + 94,895 m€ + (780 m€) + (19,529 m€) + (3,670 m€) + (1,086 m€)	Performance measure used by the Management to evaluate the level of net indebtedness of the assets.
Indebtedness	%	Net financial debt / (Net worth + Net financial debt)	24% = 50,994 m€/ (50,994 m€+ 159,507 m€)	58% = 73,183 m€/ (52,960 m€+ 73,183 m€)	Performance measure whose objective is to show the degree of leverage of business activity.

m€ = thousands of euros

CONSOLIDATED FINANCIAL STATEMENTS

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 28). In the event of a discrepancy, the Spanish-language version prevails.

SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
AND SUBSIDIARIES COMPOSING THE SOLARPACK GROUP

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 DECEMBER 2018 AND 31 DECEMBER 2017 (Notes 1, 2 and 3)

(Euros)

ASSETS	Explanatory notes	31.12.2018	31.12.2017 (*)
NON-CURRENT ASSETS			
Intangible assets	6	**24.436.070**	**85.762**
Goodwill		3.567.470	-
Concessions		5.690.237	-
Patents, licenses, trademarks and similar items		14.869.069	600
Computer software		309.294	85.162
Property, plant and equipment	6	**175.135.723**	**5.196.459**
Property, plant and equipment-solar PV plants		170.048.561	4.767.131
Property, plant and equipment in the course of construction-solar PV plants		4.551.215	-
Other items of property, plant and equipment		535.947	429.328
Non-current investments in Group companies and associates		**4.233.181**	**4.971.115**
Non-current equity instruments of Group companies and associates	8	-	955.144
Long-term loans to Group companies and associates	8	-	1.094
Investments accounted for using the equity method	7	2.266.915	1.426.567
Loans to companies accounted for using the equity method	7 y 8	1.966.266	2.588.310
Non-current financial assets		**5.477.408**	**2.082.613**
Non-current equity instruments	8	4.720.088	1.589.941
Long-term loans to third parties	8	82.518	453.247
Derivatives	8 y 15	371.886	-
Other non-current financial assets	8	302.916	39.425
Deferred tax assets	18	**10.459.082**	**4.143.075**
		219.741.464	**16.479.024**
CURRENT ASSETS			
Inventories	10	**3.679.941**	**117.958.115**
Goods held for resale		3.541.981	117.958.115
Advances to suppliers		137.960	-
Trade and other receivables	9	**13.753.475**	**8.291.947**
Trade receivables for sales and services		11.560.098	5.264.710
Trade receivables from Group companies and associates		329.303	498.222
Sundry accounts receivable		343.218	342.075
Other accounts receivable from public authorities	17	1.520.856	2.186.940
Current investments in Group companies and associates		**544.017**	**978.059**
Current equity instruments of Group companies and associates	8	-	1.170
Loans to companies accounted for using the equity method	7 y 8	544.017	957.706
Short-term loans to Group companies and associates	8	-	19.183
Current financial assets	8	**9.532.166**	**4.046.331**
Short-term loans to third parties		70.501	108.956
Derivatives		-	267.516
Other current financial assets		9.461.665	3.669.859
Current prepayments and accrued income		**380.553**	**248.281**
Cash and cash equivalents	11	**94.279.603**	**19.528.749**
Cash		94.279.603	19.528.749
		122.169.755	**151.051.482**
TOTAL ASSETS		**341.911.219**	**167.530.506**

EQUITY AND LIABILITIES	Explanatory notes	31.12.2018	31.12.2017 (*)
EQUITY			
Attributable to the Parent-		**154.652.157**	**48.939.283**
Share capital	12.1	**13.301.205**	**426.650**
Registered share capital		13.301.205	426.650
Share premium	12.1	**109.586.031**	**5.213.067**
Reserves	12.2	**27.977.847**	**41.870.166**
Legal and bylaw reserves		80.000	80.000
Other reserves		27.897.847	41.790.166
Profit for the period		**5.014.958**	**4.725.577**
Interim dividend	12.3	**-**	**(262.900)**
Translation differences	12.4	**(4.033.600)**	**(3.033.277)**
Assets measured at fair value through other comprehensive income	8	**2.805.716**	**-**
Attributable to non-controlling interests	12.5	**4.854.561**	**4.020.259**
		159.506.718	**52.959.542**
NON-CURRENT LIABILITIES			
Long-term provisions	13	**1.682.263**	**324.645**
Non-current payables	14	**143.621.333**	**3.352.146**
Bank borrowings associated with solar PV plants		121.744.927	3.352.146
Derivatives	15	4.353.208	-
Subordinated debt with non-controlling interests related to solar PV plants		2.984.661	-
Other financial liabilities		14.538.537	-
Non-current payables to Group companies and associates		**1.197**	**161**
Deferred tax liabilities	18	**5.800.087**	**1.133.038**
		151.104.880	**4.809.990**
CURRENT LIABILITIES			
Short-term provisions	13	**180.540**	**332.104**
Current payables		**16.079.990**	**94.895.270**
Bank borrowings and other financial liabilities	14	3.502	27.569
Bank borrowings associated with solar PV plants	14	11.370.217	85.098.029
Subordinated debt with non-controlling interests related to solar PV plants	14	1.161.302	3.717.218
Derivatives	15	-	780.461
Other financial liabilities	14	3.544.969	5.271.993
Current payables to Group companies and associates		**125**	**-**
Trade and other payables	16	**14.834.131**	**14.331.731**
Payable to suppliers		10.955.128	9.867.039
Sundry accounts payable		5.777	5.777
Remuneration payable		420.458	2.008.824
Other accounts payable to public authorities	17	2.477.307	2.448.758
Customer advances		975.461	1.333
Current accruals and deferred income		**204.835**	**201.869**
		31.299.621	**109.760.974**
TOTAL EQUITY AND LIABILITIES		**341.911.219**	**167.530.506**

(*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 28 are an integral part of the consolidated statement of financial position as at 31 December 2018.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 28). In the event of a discrepancy, the Spanish-language version prevails.

SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
Y SOCIEDADES DEPENDIENTES QUE COMPONEN EL GRUPO SOLARPACK

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 DECEMBER 2018 AND 2017 (Notes 1, 2 and 3)
(Euros)

	Explanatory notes	Period ended 31 December 2018	Period ended 31 December 2017 (*)
CONTINUING OPERATIONS			
Revenue	**20.1**	**26.907.438**	**13.159.714**
Sales		26.907.438	13.159.714
Changes in inventories of finished goods and work in progress		**2.318.985**	**17.167.332**
In-house work on non-current assets		**765.480**	-
Other operating income	**20.2**	**108.712**	**1.959.372**
Non-core and other current operating income		62.001	1.959.372
Income-related grants transferred to profit or loss		46.711	-
OPERATING INCOME		**30.100.615**	**32.286.418**
Procurements	**10**	**(4.221.903)**	**(14.157.722)**
Cost of goods held for resale sold		(4.221.903)	(14.157.722)
Staff costs	**20.3**	**(6.673.689)**	**(7.621.598)**
Wages, salaries and similar expenses		(5.804.962)	(6.921.295)
Employee benefit costs		(868.727)	(700.303)
Other operating expenses	**20.4**	**(6.533.710)**	**(6.278.068)**
Outside services		(5.785.733)	(5.924.671)
Taxes other than income tax		(793.376)	(353.397)
Losses on and write-down of trade receivables and changes in provisions for commercial transactions	**13**	45.399	-
Depreciation and amortisation charge	**6 y 10**	**(3.568.838)**	**(415.834)**
Other income and expenses		**(10)**	**-**
OPERATING EXPENSES	**20.5**	**1.927.071**	**1.465.509**
		(19.071.079)	**(27.007.713)**
PROFIT FROM OPERATIONS			
Finance income		**11.029.536**	**5.278.705**
From investments in equity instruments	**21**	**653.077**	**473.968**
From marketable securities and other financial instruments		-	69.096
Finance costs		653.077	404.872
On debts to third parties	**21**	**(9.174.854)**	**(2.370.891)**
On marketable securities and other financial instruments		(9.174.854)	(2.370.891)
Changes in fair value of financial instruments	**8 y 15**	**(1.876.613)**	**7.326.368**
Exchange differences		**842.682**	**(3.575.700)**
Impairment and gains or losses on disposals of financial instruments	**7**	**4.018.765**	**65.324**
FINANCIAL PROFIT (LOSS)		**(5.536.943)**	**1.919.069**
Share of profits (losses) of companies accounted for using the equity method	**7**	**361.424**	**(1.214.846)**
PROFIT BEFORE TAX		**5.854.017**	**5.982.928**
Income tax	**17 y 19**	**(294.728)**	**(622.552)**
PROFIT FOR THE PERIOD		**5.559.289**	**5.360.376**
Profit attributable to non-controlling interests		544.331	634.799
Profit attributable to the Parent		5.014.958	4.725.577
Profit / (Loss) per participación (en euros):			
Basic	**22.1**	1,16	11,08
Diluted	**22.2**	1,16	11,08

(*) Information not audited or reviewed (*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 28 are an integral part of the consolidated statement of profit or loss for the period ended 31 December 2018.

SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
AND SUBSIDIARIES COMPOSING THE SOLARPACK GROUP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2018 AND 2017 (Notes 1, 2 and 3)

(Euros)

A) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2018 AND 2017

	Period ended 31 December 2018	Period ended 31 December 2017 (*)
A) CONSOLIDATED PROFIT PER STATEMENT OF PROFIT OR LOSS	**5.559.289**	**5.360.376**
B) OTHER COMPREHENSIVE INCOME		
Items that may be subsequently reclassified to profit or loss		
Foreign currency translation differences	(829.050)	(3.835.225)
Assets measured at fair value through other comprehensive income	2.925.687	-
Tax effect	(119.971)	-
	1.976.666	**(3.835.225)**
TOTAL COMPREHENSIVE INCOME (A+B)	**7.535.955**	**1.525.151**
Attributable to:		
a) Attributable to the Parent	6.820.351	1.615.845
b) Attributable to non-controlling interests	715.604	(90.694)

(*) Information not audited or reviewed (*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 28 are an integral part of the consolidated statement of comprehensive income for the period ended 31 December 2018.

B) CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY FOR SIX-MONTH PERIODS ENDED 30 JUNE 2018 AND 2017

	Share capital (Note 12.1)	Share premium (Note 12.1)	Retained earnings (Note 12.2)	Profit for the period	Interim dividend (Note 12.3)	Translation differences	Assets measured at fair value through other comprehensive income	Non-controlling interests	Total equity
Balance at 1 January 2017	**426.650**	**5.213.067**	**31.507.850**	**13.666.641**	**-**	**259.311**	**-**	**5.299.948**	**56.373.467**
Distribution of profit for the period:									
To reserves	-	-	13.666.641	(13.666.641)	-	-	-	-	-
Recognised income and expense	-	-	-	4.725.577	-	(3.109.732)	-	(90.694)	1.525.151
Dividends (Note 12.3)	-	-	(290.243)	-	-	-	-	-	(290.243)
Dividends (Note 12.3)	-	-	(59.662)	-	-	-	-	-	(59.662)
Interim dividends	-	-	-	-	(262.900)	-	-	-	(262.900)
Changes in the scope of consolidation (Note 2.8)	-	-	(1.219.694)	-	-	(326.063)	-	1.389.311	(156.446)
Other changes in equity (Note 12)	-	-	(1.703.132)	-	-	52.296	-	(460.049)	(2.110.885)
Other changes	-	-	(31.497)	-	-	90.911	-	(2.118.257)	(2.058.843)
Balances at 31 December 2017	**426.650**	**5.213.067**	**41.870.263**	**4.725.577**	**(262.900)**	**(3.033.277)**	**-**	**4.020.259**	**52.959.639**
Other financial liabilities (Notes 2.2 and 8)	-	-	(75.577)	-	-	-	-	-	(75.577)
Adjusted beginning balances at 1 January 2018	**426.650**	**5.213.067**	**41.794.686**	**4.725.577**	**(262.900)**	**(3.033.277)**	**-**	**4.020.259**	**52.884.062**
Distribution of profit for the period:									
To reserves	-	-	4.725.577	(4.725.577)	-	-	-	-	-
Recognised income and expense	-	-	-	5.014.958	-	(1.000.323)	2.805.716	715.604	7.535.955
Dividends (Note 12.3)	-	-	(168.012)	-	-	-	-	-	(168.012)
Interim dividends	-	-	(262.900)	-	262.900	-	-	-	-
Other transactions (Note 12.1)	(26.649)	(325.834)	(5.084.469)	-	-	-	-	-	(5.436.952)
Capital encrease with charge to freely available reserves(Note 12.1)	7.599.999		(7.599.999)						
Capital increase (Stock Market) (Note 12.1)	5.301.205	104.698.798	(5.450.173)	-	-	-	-		104.549.830
Other changes-non-controlling interests	-	-	-	-	-	-	-	146.576	146.576
Other changes	-	-	23.137		-	-	-	(27.878)	(4.741)
Balances at 31 December 2018	**13.301.205**	**109.586.031**	**27.977.847**	**5.014.958**	**-**	**(4.033.600)**	**2.805.716**	**4.854.561**	**159.506.718**

(*) Information not audited or reviewed (*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 28 are an integral part of the consolidated statement of changes in total equity for the period ended 31 December 2018.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 28). In the event of a discrepancy, the Spanish-language version prevails.

SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
AND SUBSIDIARIES COMPOSING THE SOLARPACK GROUP

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2018 AND 2017 (Notes 1, 2 and 3)

(Euros)

	Explanatory notes	Period ended 31 December 2018	Period ended 31 December 2017 (*)
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**(3.705.065)**	**(74.317.923)**
Profit for the period before tax		5.854.017	5.982.928
Adjustments for-			
- Depreciation and amortisation charge	**6**	3.568.838	415.834
- Losses on and write-down of trade receivables and changes in provisions for commercial transactions		(45.399)	-
- Impairment and gains or losses on disposal of financial instruments	**7 y 8**	(4.018.765)	(569.824)
- Impairment and gains or losses on disposal of fixed assets		10	
- Changes in fair value of financial instruments	**7, 8 y 15**	1.876.613	290.374
- Finance income	**21**	(653.077)	(473.986)
- Finance costs	**21**	9.174.854	2.875.393
- Exchange rate differences	**21**	(842.682)	3.575.700
- In-house work on non-current assets		(765.480)	-
- Changes in provisions		-	305.015
- Taxes		-	(1.245.088)
- Share of profits (losses) of companies accounted for using the equity method	**7**	(361.424)	1.214.846
Changes in working capital-			
- Inventories	**10**	(4.697.599)	(87.636.659)
- Trade and other receivables	**9**	(3.768.520)	(3.552.934)
- Other current assets		(1.711.798)	-
- Trade and other payables	**16**	73.660	5.577.683
- Other non-current assets and liabilities		370.058	1.677.306
Other cash flows from operating activities-			
- Interest paid		(9.174.854)	(2.875.393)
- Interest received		653.077	212.919
- Other payments		-	(92.037)
- Dividends received		763.406	-
CASH FLOWS FROM INVESTING ACTIVITIES (II)		**(20.855.673)**	**(5.365.051)**
Payments due to investment-			
- Non-current assets		(2.672.518)	(148.371)
- Business combination	**2.8**	(18.183.155)	-
- Other financial assets		-	(5.783.945)
Proceeds from disposal-			
- Non-current assets		-	84.639
- Other financial assets		-	482.626
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**99.732.122**	**83.565.222**
Proceeds and payments relating to equity instruments-			
- Proceeds from equity instruments	**12**	102.828.720	-
Proceeds and payments relating to financial liability instruments-			
- Proceeds from issue of bank borrowings, net		-	92.109.606
- Proceeds from issue of intercompany borrowings, net		428.873	-
- Repayment of bank borrowings		(3.213.117)	(4.043.225)
- Repayment of other borrowings		(144.342)	-
Dividends and returns on other equity instruments paid-			(4.151.254)
- Dividends	**12**	(168.012)	(349.905)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (IV)		**(420.530)**	**(827.214)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**74.750.854**	**3.055.034**
Cash and cash equivalents at beginning of period		19.528.749	16.473.715
Cash and cash equivalents at end of six-month period		94.279.603	19.528.749

(*) Information not audited or reviewed (*) Presented for comparison purposes only (see Note 2.5).

The accompanying Notes 1 to 28 are an integral part of the statement of cash flows period ended 31 December 2018.

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