Auditor's Report on Audax Renovables, S.A. and subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of Audax Renovables, S.A. and subsidiaries for the year ended 31 December 2020)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Torre Realia
Plaça d'Europa, 41-43
08908 L'Hospitalet de Llobregat
(Barcelona)

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the shareholders of Audax Renovables, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Audax Renovables, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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

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Paseo de la Castellana, 259C 28046 Madrid

On the Spanish Official Register of Auditors ("ROAC") with No. S0702, and the Spanish Institute of Registered Auditors' list of companies with No. 10.
Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
N.I.F. B-78510153

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Key Audit Matters

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

Recoverability of goodwill See note 5 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
At 31 December 2020 the Group has capitalised goodwill totalling Euros 137,942 thousand. At each reporting date the Group estimates the recoverable amount of goodwill, regardless of whether or not there are indications of impairment. As the estimated recoverable amount of goodwill exceeds its carrying amount, the Group did not recognise any impairment in 2020. This recoverable amount is calculated by applying valuation techniques which require the exercising of judgement by the Directors in the use of estimates. The valuation process for goodwill from business combinations has been considered as a key audit matter insofar as the valuation techniques used often require the exercising of judgement by the Directors and the use of assumptions and estimates.	Our audit procedures included the following: - evaluating the design and implementation of key controls related to process of estimating the recoverable amount of goodwill, - assessing the reasonableness of the methodology and assumptions used to estimate the recoverable amount, through value in use or fair value less costs to sell based on discounted cash flows at cash-generating unit level, with the involvement of our valuation specialists, - comparing the cash flow forecasts estimated in prior years with the actual cash flows obtained, - evaluating the sensitivity of the estimated recoverable amount to changes in the relevant assumptions and judgements, such as the discount rate, the expected future growth rate and future cash flows. We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

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Business combination See note 2 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
During 2020 the Group has acquired all of the shares of E.ON Energiakereskedelmi Kft. from an unrelated third party. This has involved the acquisition of net assets and liabilities at fair value amounting to Euros 30,255 thousand, for a consideration of Euros 13,914 thousand, as well as the recognition of negative goodwill on business combinations totalling Euros 16,341 thousand. The accounting of this transaction, which is provisional, was complex and required the application of value judgements in identifying and determining the fair value of the assets and liabilities acquired. The valuation for this purpose has been made by an expert engaged by the Group. We consider that this transaction is a key audit matter due to its significance, the inherent judgement involved in making fair value estimates and the impact on the consolidated annual accounts. If, as a result of the definitive determination of the fair values of the assets and liabilities acquired, differences arose with respect to the provisional initial value at which they have been recognised in the accompanying consolidated annual accounts for 2020, the adjustments to be recognised in order to complete the initial accounting would be made retroactively, together with the associated effects thereof, which could affect the consolidated income statement for this period as well as the recognition of the business combination.	Our audit procedures included the following: - assessing the process followed by the Group to identify and recognise the acquired assets and liabilities; obtaining, reading and analysing the appraisal report prepared by the independent expert engaged by the Group, - evaluating the independence and professional competence of the expert engaged by the Group, - assessing the methodology and key assumptions used to identify the assets and liabilities acquired and to determine their fair values, involving our valuation specialists for this purpose. - identifying the assets and liabilities whose valuation was determined provisionally, assessing the reasons for the provisional nature of the estimates, as well as the initial recognition of the investment and the appropriateness of the disclosures in the consolidated annual accounts in this respect. We also assessed whether the disclosures in the consolidated annual accounts regarding the transaction meet the requirements of the financial reporting framework applicable to the Group.

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Recognition of revenue from unbilled energy supplied See notes 10 and 19 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
Recognition of revenues from energy trading is a significant area due to its amount and because it is subject to material misstatement, particularly at the reporting date as regards the appropriate timing of recognition based on the commercial terms agreed with customers. At 31 December 2020 trade and other receivables include Euros 107,128 thousand in unbilled energy supplied, corresponding to the period from the last meter reading to year end. Unbilled energy supplied is estimated based on internal and external information, on the basis of historical consumption of customers. Revenue is calculated by multiplying the volume of estimated unbilled use by the tariff agreed for each customer, a process that is subject to a high degree of judgement, as a result of which, this has been considered a key audit matter.	Our audit procedures included the following: - analysis of the design and implementation of the key controls related to the calculation of the unbilled energy supplied, - retrospective analysis of the estimates made at previous years' closes, - assessment of the reasonableness of the volume of unbilled energy through an analysis of historical information and other internal and data, - assessment of whether the timing of the recognition is correct based on a selection of transactions after the reporting date. We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

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Other Information: Consolidated Directors' Report

Other information solely comprises the 2020 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2020, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

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

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

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

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

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.

- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of Audax Renovables, S.A. and its subsidiaries for 2020 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Company, which will form part of the annual financial report.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

The Directors of Audax Renovables, S.A. are responsible for the presentation of the 2020 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation").

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to the consolidated annual accounts we have audited, and whether the consolidated annual accounts and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 26 February 2021.

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 9 July 2020 for a period of one year, from the year ended 31 December 2020.

Previously, we had been appointed for a period of three years, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2017.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on the original in Spanish)

This report corresponds to stamp number *20/21/01534* issued by the Catalan Institute of Registered Auditors (Col.legi de Censors Jurats de Comptes de Catalunya).

On the Spanish Official Register of Auditors ("ROAC") with No. 15732

RESPONSIBILITY STATEMENT FOR THE ANNUAL FINANCIAL REPORT

AUDAX RENOVABLES, S.A. AND INVESTEE COMPANIES

Annual Accounts and Directors' Report as at 31 December 2020

The members of the Board of Directors of Audax Renovables, S.A., in compliance with article 8 of the Royal Decree 1362/2007, confirm that to the best of their knowledge the individual annual accounts and the consolidated group's annual accounts for the year ended on 31 December 2020 and drawn up on the meeting on 25 February 2021 have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of Audax Renovables, S.A. and of the entities included in the consolidation taken as a whole, and that the directors' report includes a fair review of the development and performance of the business and the position of Audax Renovables, S.A. and of the entities included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face, duly signed by all Directors.

BOARD OF DIRECTORS

Mr Francisco José Elías Navarro
Chairman

Mr Eduard Romeu Barceló
Member

Mr Rubén Clavijo Lumbreras
Member

Mr Ramiro Martínez-Pardo del Valle
Member

Mr Josep Maria Echarri Torres
Member

Badalona, 25 February 2021.

AUDAX RENOVABLES, S.A
and SUBSIDIARIES

Consolidated Annual Accounts
as at 31 December 2020

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Audax Renovables, S.A. and subsidiaries

Consolidated Balance Sheet

(EUR thousands)

Assets	**Note**	**31.12.2020**	**31.12.2019**
Goodwill	5	137,942	137,945
Other intangible assets	5	159,487	106,280
Property, plant and equipment	6	87,429	75,347
Investments as per equity accounting	7	6,665	6,905
Financial assets	8	26,739	76,306
Deferred tax assets	18	8,109	7,390
Total non-current assets		**426,371**	**410,173**
Inventory		1,458	1,812
Trade and other receivables	10	221,068	148,336
Current tax assets		1,029	666
Financial assets	8	85,978	36,241
Time period adjustments and other current assets	10	42,479	26,241
Cash and other cash equivalents	11	368,233	150,784
Total current assets		**720,245**	**364,080**
Total assets		**1,146,616**	**774,253**

Net Equity and Liabilities	**Note**	**31.12.2020**	**31.12.2019**
Capital		44,029	44,029
Share premium account		420,316	420,316
Reserves		(352,573)	(364,322)
Equity component of issued compound financial instruments		8,035	-
Profit (loss) for the year attributable to the parent company		26,385	25,417
Translation differences		(2,888)	1,682
Other comprehensive income		(80)	(4,901)
Equity attributed to the parent company		**143,224**	**122,221**
Non-controlling interests		7,818	33,493
Total net equity	12	**151,042**	**155,714**
Provisions	13	987	1,211
Bonds and other negotiable securities	14	371,123	143,184
Financial liabilities to credit institutions	14	82,339	46,554
Lease liabilities	2 and 14	7,801	8,267
Derivative financial instruments	9	5,346	4,009
Other financial liabilities	14	528	19,605
Subsidies	15	4,916	5,675
Other non-current liabilities		45,996	4,636
Deferred tax liabilities	18	16,502	17,637
Total non-current liabilities		**535,538**	**250,778**
Liabilities related to assets held for sale		-	**-**
Provisions		1,482	1,270
Bonds and other negotiable securities	14	136,754	67,534
Financial liabilities to credit institutions	14	53,649	71,121
Lease liabilities	2 and 14	1,132	1,362
Derivative financial instruments	9	483	4,060
Other financial liabilities	14	44,780	28,934
Trade and other payables	16	126,086	93,820
Current tax liabilities		1,379	2,267
Other current liabilities	16	94,291	97,393
Total current liabilities		**460,036**	**367,761**
Total net equity and liabilities		**1,146,616**	**774,253**

The attached notes are an integral part of the consolidated annual accounts.

Audax Renovables, S.A. and subsidiaries

Consolidated Income Statement

(EUR thousands)

	Note	31.12.2020	31.12.2019
Ordinary income	19	967,438	1,040,969
Procurement	19	(854,416)	(917,218)
Other operating income		1,862	2,820
Wages and salaries	19	(22,495)	(20,994)
Other operating expenses	19	(42,296)	(37,274)
Amortisation and depreciation	5 and	(19,654)	(26,228)
Impairment and profit (loss) on disposal of fixed assets	5	7	4,947
Negative differences in business combinations	2	16,341	-
Operating profit (loss)		**46,787**	**47,022**
Financial income		4,380	4,005
Financial expenses		(17,724)	(19,490)
Profit (loss) on disposal and change in value of financial instruments		227	1,687
Exchange differences		431	(106)
Financial profit (loss)	20	**(12,686)**	**(13,904)**
Profit (loss) of companies consolidated by equity accounting	7	(52)	(87)
Profit (loss) before tax from continuing operations		**34,049**	**33,031**
Income tax expense	18	(3,879)	(1,693)
Profit (loss) after tax from continuing operations		**30,170**	**31,338**
Profit (loss) for the year from discontinued operations		-	-
Consolidated profit (loss) for the year		**30,170**	**31,338**
Profit (loss) attributable to the parent company		**26,385**	**25,417**
Profit (loss) attributable to non-controlling interests	**12**	**3,785**	**5,921**
		2,020	**2,019**
Profit (loss) per share			
Basic		0.060	0.058
Diluted		0.060	0.058

The attached notes are an integral part of the consolidated annual accounts.

Audax Renovables, S.A. and subsidiaries

Consolidated Statement of Comprehensive Income

(EUR thousands)

	31.12.2020	31.12.2019
Consolidated profit (loss) for the year	30,170	31,338
Other comprehensive income		
Items to be reclassified to profit and loss statement		
Cash flow hedges	7,141	(12,650)
Translation differences of financial statements of businesses abroad	(4,570)	(35)
Other comprehensive income for the year, after tax	**2,571**	**(12,685)**
Total comprehensive income for the year	**32,741**	**18,653**
Total comprehensive income attributable to the parent company	27,569	15,577
Total comprehensive income attributable to non-controlling interests	5,172	3,076

The attached notes are an integral part of the consolidated annual accounts.

Audax Renovables, S.A. and subsidiaries

Consolidated Statement of Changes in Net Equity

(EUR thousands)

In EUR	Capital	Share premium	Reserves	Equity component of issued compound financial instruments	Profit (loss) attributable to the Parent Company	Translation differences	Other Comprehensive Income	Equity attributed to Parent Company	Non-controlling interests	Net equity
Balance at 1 January 2019	**308,204**	**420,316**	**(637,245)**	**-**	**8,412**	**1,717**	**4,904**	**106,308**	**33,258**	**139,566**
Dividends	-	-	-	-	-	-	-	-	(1,727)	(1,727)
Profit (loss) for the year	-	-	-	-	25,417	(35)	(9,805)	15,577	3,076	18,653
Reduction of share capital (Note 12)	(264,175)	-	264,175	-	-	-	-	-	-	-
Other movements	-	-	336	-	-	-	-	336	(1,114)	(778)
Reserves	-	-	8,412	-	(8,412)	-	-	-	-	-
Balance at 31 December 2019	**44,029**	**420,316**	**(364,322)**	**-**	**25,417**	**1,682**	**(4,901)**	**122,221**	**33,493**	**155,714**
Recognised income and expenses	-	-	-	-	26,385	(4,570)	5,754	27,569	5,172	32,741
Dividends	-	-	-	-	-	-	-	-	(4,703)	(4,703)
Changes to the scope (Note 2)	-	-	(13,668)	-	-	-	(933)	(14,601)	(26,144)	(40,745)
Other movements	-	-	-	8,035	-	-	-	8,035	-	8,035
Reserves	-	-	25,417	-	(25,417)	-	-	-	-	-
Balance at 31 December 2020	**44,029**	**420,316**	**(352,573)**	**8,035**	**26,385**	**(2,888)**	**(80)**	**143,224**	**7,818**	**151,042**

The attached notes are an integral part of the consolidated annual accounts.

Audax Renovables, S.A. and subsidiaries
Consolidated Cash Flow Statement
(EUR thousands)

	Note	2020	2019
Cash flows from operating activities			
Profit (loss) for the year before tax		**34,049**	**33,031**
Adjustments to results		**19,085**	**38,471**
Amortisation and depreciation	5	19,654	26,228
Valuation adjustments due to impairment	5	7,723	5,304
Changes in provisions		210	(3,468)
Allocation of subsidies		(264)	-
Profit (loss) on derecognition and disposal of fixed assets		(7)	(4,947)
Profit (loss) on derecognition and disposal of financial instruments		(227)	(27)
Financial income	20	(4,380)	(4,005)
Financial expenses	20	17,724	19,490
Exchange differences		(431)	106
Changes in fair value of financial instruments		(4,628)	(25)
Negative consolidation difference	2	(16,341)	-
Other income and expenses		52	(185)
Changes in working capital		**35,842**	**629**
Inventory		354	2,701
Accounts receivable		3,517	(17,578)
Other current assets		(16,238)	(6,763)
Accounts payable		(6,638)	2,223
Other current liabilities		15,316	21,239
Other non-current assets and liabilities		39,531	(1,193)
Other cash flows from operating activities		**(13,388)**	**(16,132)**
Payments of interest		(13,874)	(19,699)
Collections of interest		486	3,567
Cash flows from operating activities		**75,588**	**55,999**
Cash flows from investment activities			
Payments of investments		**(198,207)**	**(63,462)**
Intangible assets	5	(1,070)	(25,753)
Property, plant and equipment	5	(15,887)	(7,754)
Group and associated companies		(121,438)	-
Other financial assets	8	(59,812)	(22,960)
Other assets		-	(6,995)
Collection on divestments		**90,157**	**76,445**
Group and associated companies	0	81,818	-
Intangible assets	5	543	23
Property, plant and equipment	5	32	1,378
Collections from sale of subsidiaries, net of cash and equivalents		-	39,249
Other financial assets		7,764	35,795
Business unit		**(33,929)**	-
Cash flows from investment activities		**(141,979)**	**12,983**
Cash flows from financing activities			
Collections and payments for financial liability instruments:		**(15,227)**	**-**
Acquisition of equity instruments		(15,227)	-
Collections and payments for financial liability instruments		**303,770**	**(14,785)**
Issuance			
Bonds and other negotiable securities	14	441,682	63,146
Amounts owed to credit institutions	14	127,909	15,520
Payables to group companies and associates		-	(15,341)
Repayment			
Bonds and other negotiable securities	14	(135,200)	(16,460)
Amounts owed to credit institutions	14	(128,771)	(61,650)
Other debts		(1,850)	-
Payments of dividends and remuneration of other financial liabilities		**(4,703)**	**(1,727)**
Dividends		(4,703)	(1,727)
Cash flows from financing activities		**283,840**	**(16,512)**
Net increase/decrease in cash or equivalents		**217,449**	**52,471**
Cash and equivalents at the beginning of the year		150,784	98,313
Cash and equivalents at the end of the year		368,233	150,784

The attached notes are an integral part of the consolidated annual accounts.

NOTE 1 – GENERAL INFORMATION

Audax Renovables, S.A., (hereinafter: the Parent Company, the Company or Audax Renovables) was incorporated in Barcelona on 10 July 2000 as a joint stock company for an unlimited duration.

Its registered address is Calle Temple nº 25, Badalona, Barcelona, Spain.

It is mainly engaged in all types of activities related to the development of electricity generation from renewable sources, for which purpose it can set up, acquire and hold shares, bonds, participations and rights in companies whose corporate objects are the development, construction and exploitation of facilities for the generation of electricity from renewable energy sources.

Moreover, the Company's objects include energy retailing, purchase and sale of electricity, including export and import, fuel retailing for energy production, natural gas retailing, CO2 emissions trading and telecommunications retailing; as well as all the necessary additional activities.

Additionally, the Company may acquire, hold, administer and dispose of all types of titles, securities, financial assets, rights, interests or shares in individual or social enterprises, on its own behalf, excluding intermediaries, and under the applicable legislation on Stock Exchange and Collective Investment Institutions.

Audax Renovables, S.A. is a holding company, the parent of a Group of subsidiary companies, joint ventures and associated companies that are engaged in the generation of electricity from renewable sources and in energy and gas retailing and that make up the Audax Renovables Group (hereinafter: the Audax Renovables Group or the Group).

Moreover, the Audax Renovables Group is part of the Excelsior Group, whose parent company is Excelsior Times, S.L.U., with its registered address at Calle Temple, nº 25, Badalona, Barcelona, Spain. The Excelsior Group’s consolidated annual accounts for the year 2019, formulated on 27 May 2020, have been submitted to the Commercial Register in Barcelona.

The shares of Audax Renovables, S.A. are admitted to trading on the continuous market of the Spanish Stock Exchange. The annual accounts of Audax Renovables S.A. and the consolidated annual accounts of the Audax Renovables Group as at 31 December 2019 were approved by the General Meeting of Shareholders on 09 July 2020 and were submitted to the Commercial Register in Barcelona.

The consolidated annual accounts of the Group for the year 2020 were formulated by the Directors of the Parent Company on 25 February 2021 and will be subject to approval at the General Meeting of Shareholders and are expected to be approved without modification.

The figures presented in theses consolidated annual accounts are stated in thousand euros, except for the figures of profit per share, unless specifically noted otherwise.

NOTE 2 - BASES OF PRESENTATION, ACCOUNTING POLICIES AND VALUATION STANDARDS

2.1 Application of International Financial Reporting Standards adopted by the European Union (IFRS-EU)

The consolidated annual accounts of the Audax Renovables Group for the year 2020 have been drawn up by the Directors of the Parent Company in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU), as per the Regulations (CE) nº 1606/2002 of the European Parliament and the Council. All the accounting principles and standards and the mandatory valuation criteria, along with the Commercial Code, the Spanish Companies Act, the Stock Exchange Market Law and any other applicable commercial legislation have also been taken into consideration. The Group adopted the IFRS-EU on 31 December 2016 and applied on that date the IFRS 1 "First-time Adoption of International Financial Reporting Standards".

The consolidated annual accounts of the Audax Renovables Group have been drawn up on the basis of the financial statements of Audax Renovables, S.A. and of the companies belonging to the Group. Each company draws up its financial statements in compliance with the accounting principles of the country where it operates. The adjustments and reclassifications, which were necessary to harmonise the principles and criteria and put them in line with the IFRS-EU, have been carried out during the consolidation process. Furthermore, the accounting policies have been modified for the consolidated companies, when necessary, in order to ensure the consistency with the accounting policies adopted by the Audax Renovables Group.

The accounting policies applied for the preparation of the consolidated annual accounts coincide with those used and described in the Consolidated Annual Accounts for the year ended on 31 December 2019, except for the new IFRS-EU standards and interpretations applied from 1 January 2020.

The information set out in these consolidated annual accounts is the responsibility of the Directors of the Parent Company.

New IFRS-EU accounting standards and IFRIC interpretations

a) Standards, improvements and interpretations effective as at 1 January 2020

As at the date of these consolidated financial statements the IASB and IFRIC have published the following standards, improvements and interpretations specified below:

The entry into force of the specified standards, improvements and interpretations has not had any significant effect on the consolidated financial statements of the Group.

Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

IAS 1 and IAS 8 are amended in order to align the definition of "material" used in the conceptual framework and in the standards themselves.

Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments" and IFRS 7 "Financial Instruments. Disclosures"

These standards are modified in order to mitigate the possible effect of uncertainty resulting from the interest rate benchmark IBOR reform (Phase 1). The amendments introduce certain temporary and limited exceptions to the hedge accounting requirements under IAS 39 and IFRS 9 so that the companies may continue meeting the requirements, assuming that the existing interest rate benchmark is not altered as a result of the interest rate benchmark reform.

Amendments to IFRS 3 "Business Combinations"

The amendment to IFRS 3 changes the definition of a business in order to help entities determine whether an operation should be accounted for as a business combination or as an acquisition of a group of assets.

Amendments to references to the conceptual framework in IFRS standards

The IASB has published a revised conceptual framework which will be used in standard-related decisions with immediate effect.

Amendment to IFRS 16 on COVID-19-related rent concessions

The amendment to IFRS 16 introduces optional practical exemption in order to make it easier for the lessee to account for concessions, discounts or other lease incentives occurring as a direct consequence of COVID-19 pandemic. By applying the practical exemption the lessees do not have to determine whether certain rent concessions are lease modifications and, therefore, need to be accounted for following other guidelines. The accounting result depends on specific features of the rent concessions and rent contract modifications.

The amendment is applicable for periods beginning on or after 1 June 2020.

b) Standards, improvements and interpretations which cannot be applied early or have not been approved by the European Union.

As at the date of these consolidated financial statements the IASB and IFRIC have published the following standards, amendments and interpretations specified below, which are due to be approved by the European Union:

Amendment to IAS 1 "Presentation of Financial Statements"

IAS 1 will be modified in order to bolster uniformity of application and to clarify its requirements for the presentation of liabilities as current or non-current. This amendment shall be applied for annual periods beginning on or after 1 January 2023.

As at the date of these consolidated financial statements the amendment is not expected to have significant effect on future consolidated financial statements of the Group.

Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments" and IFRS 7 "Financial Instruments. Disclosures"

These standards are modified in order to mitigate the possible effect of uncertainty resulting from the interest rate benchmark IBOR reform (PHASE 2).

Amendments to IAS 37 Provisions, contingent liabilities and contingent assets: Provisions for onerous contracts

The amendments to IAS 37 clarify that the cost of fulfilling a contract comprises incremental costs of the fulfilment of the contract as well as allocation of other costs directly related to the fulfilment of the contracts.

The amendment is applicable for periods beginning on or after 1 January 2022. The amendment is yet to be approved by the European Union.

Amendments to IAS 16 Property, plant and equipment: Proceeds before intended use

The amendment is applicable for periods beginning on or after 1 January 2022.

The amendment is yet to be approved by the European Union.

Amendments to IFRS 3 to references to the conceptual framework in IFRS standards

The amendment is applicable for periods beginning on or after 1 January 2022.

The amendment is yet to be approved by the European Union.

Amendments to IAS 1: Classification of liabilities as current or non-current

The amendment is applicable for periods beginning on or after 1 January 2023.

The amendment is yet to be approved by the European Union.

Annual improvements 2018-2020 cycle

- Amendments to IFRS 1 First-time adoption of IFRS on exceptions in the measurement of translation differences.
- Amendments to IFRS 9 Financial Instruments in order to determine the cost of modification of financial liabilities.

The amendment is applicable for periods beginning on or after 1 January 2022. The amendment is yet to be approved by the European Union.

2.2 Fair view, accounting principles and going concern

The consolidated annual accounts present fairly the consolidated net equity and the consolidated financial position of the Audax Renovables Group at 31 December 2020, and the consolidated results of its operations, the changes in the statement of comprehensive income, changes in consolidated net equity and consolidated cash flows that have taken place in the Audax Renovables Group in the year then ended.

The consolidated annual accounts for the year 2020 of the Audax Renovables Group have been prepared on the basis of the accounting records of Audax Renovables, S.A. and the other companies in the Group. Each company prepares its annual accounts under the accounting principles and standards in force in the country in which it carries out its operations, and, accordingly, the adjustments and reclassifications necessary have been introduced during the consolidation process in order to harmonise these principles and criteria and bring them into line with IFRS-EU. Furthermore, the accounting policies have been modified for the consolidated companies, when necessary, in order to ensure their consistency with the accounting policies adopted by the Audax Renovables Group.

The information set out in these consolidated annual accounts is the responsibility of the Directors of the Parent Company, Audax Renovables, S.A.

2.3 Bases of preparation and comparison of the information

The Consolidated annual accounts have been prepared according to the principle of historical cost, with the following exception of derivative financial instruments, financial assets at fair value with changes in comprehensive income and financial assets at fair value with changes in other comprehensive income.

The consolidated annual accounts present, for comparative purposes, with each heading of the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in net equity, the consolidated statement of cash flows, and of the notes to the consolidated annual accounts, together with the figures for the year 2020, the figures for the previous year, which were included in consolidated annual accounts for the year 2019 and which were approved by the General Meeting of Shareholders of 9 July 2020.

Over the year 2020 the Group acquired a significant set of non-controlling interests. The companies whose shareholding was increased had been already considered to be group companies, since all their assets and liabilities belonged to the Group. Therefore, the effect of these operations is limited primarily to a decrease of the Non-controlling interests and of the Reserves (Note 12 and Note 2.5.b).

2.4 Relative importance

So as to determine the information that needs to be broken down in the consolidated notes for each of the different accounting items, the Group has considered its relative importance in relation to the current consolidated annual accounts for the year 2020 and 2019.

2.5 Consolidation principles and standards

a) Consolidation methods

The consolidated companies are listed in the Appendix I to these consolidated annual accounts. In its consolidation the Group has applied the full consolidation method to the subsidiary companies and the equity method to its associates and joint ventures.

Full consolidation method – Subsidiary Companies

The subsidiary companies have been fully consolidated, and all their assets, liabilities, income, expenses and cash flows have been integrated in the consolidated annual accounts after making the respective adjustments and de-recognitions for intra-group operations. The Appendix I sets out the list of companies consolidated by this method.

The consolidation process eliminates the transactions, balances and unrealised gains between Group companies. The unrealised losses are eliminated, unless the transactions provide proof of an impairment loss of the asset transferred.

The acquisition method is used to book the acquisition of subsidiaries. The cost of acquisition is the fair value of the assets handed over, the net equity instruments issued and the liabilities incurred or assumed on the swap date. Any contingent consideration to be transferred by the Group is recognised at its fair value at the acquisition date. Subsequent variations to the fair value of contingent consideration which are considered to be an asset or liability are recognised in accordance with IFRS 9 in net income or as a change in other global net income. Any contingent consideration which is classified as net equity is not revalued and its subsequent payment is booked in net equity. The costs directly attributable to the acquisition are booked directly in the income statement.

The results of subsidiary companies acquired or sold during the year are integrated into consolidated profit or loss, respectively, from and to the effective date of the transaction.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair value at the acquisition date. For each business combination, the Group may opt to recognise any non-controlling interest in the acquired company at its fair value or at the proportional part of the recognised amounts of the subsidiary's identifiable net assets corresponding to the non-controlling interest.

The participation of third parties in net equity and the net income of the group companies is presented under "Non-controlling interest" on the consolidated balance sheet and under "Net income attributable to non-controlling interest" in the consolidated income statement. In the case of acquisition of minority interests, the overprice paid in relation to the net book value is recognised directly in net equity.

Transactions with non-controlling interests which do not result in a loss of control are recognised as net equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between the fair value of the amount paid and the corresponding acquired proportion of the book value of the subsidiary's net assets is recorded in net equity. Gains or losses from disposals of non-controlling interests are also recorded in net equity.

Equity accounting method – Associated Companies

The equity accounting method has been used to consolidate the associates. These are companies in which the Group usually has a direct or indirect stake of between 20% and 50% of share capital. The Appendix I sets out the list of companies consolidated by this method.

A significant influence is understood to exist when the Group has a stake in the associate and can intervene in the decisions regarding the associate's financial and operating policies but does not control the associate.

Investments in associates are recorded using equity accounting method. The share in the gains or losses after the acquisition of an associate is recognised in the consolidated income statement and the share in the net equity movements after acquisition is recognised in reserves.

If the stake in an associate is reduced but the Company continues to have a significant influence on its management, only the stake in proportion to the amounts previously recognised in other global net income are reclassified to net income when this is appropriate.

Dilution gains and losses generated in investments in associates are recognised in the consolidated income statement.

An investor will stop applying the equity accounting method from the date on which it stops having a significant influence on an associate's management. If a significant influence on the associate's management is lost, the investor will value the investment which it holds in the former associate at fair value.

b) Changes in the consolidation scope and business combinations

The Appendix I includes the companies in which Audax Renovables, S.A. has a direct or indirect shareholding, and which have been included in the consolidation scope as at 31 December 2020 and 2019.

Below there is a specification of the main transactions carried out which involved significant changes in the consolidation scope:

Year 2020

Acquisition of E.ON Energiakereskedelmi Kft. (Hungary)

On 6 July 2020 the Company signed a purchase and sale contract with E.ON Hungária Zrt., a subsidiary of the German multinational group E.ON, for the purchase of 100% of share capital of the company E.ON Energiakereskedelmi Kft. (hereinafter Audax Hungría), an electricity retailer in Hungary.

The sale and purchase contract was subject to the fulfilment of certain conditions precedent which came to fruition on 24 September 2020 - the effective date of the business combination.

The information on the business combination cost, fair value of the acquired net assets and of the excess of acquired net assets over the combination cost is as follows:

	EUR thousands
Cost of business combination	
Amount paid	13,914
Fair value of acquired net assets	30,255
Excess of acquired net assets over acquisition cost	16,341

In February 2021 an independent expert issued a report on the allocation of the price paid to the net assets acquired in this business combination.

The following table shows the amounts of the assets and liabilities recognised at fair value at the date of the business combination and previous carrying amounts:

	Previous carrying amount	**Fair value**
Intangible assets	1,531	3,339
Tangible assets	26	26
Other non-current financial assets	16	16
Deferred tax assets	-	1,120
Trade and other receivables	83,513	83,513
Cash and equivalents	8,311	8,311
Total assets	93,397	96,325
Non-current liabilities	257	1,657
Deferred tax liabilities	-	723
Trade and other payables	62,290	63,690
Total liabilities	62,547	66,070
Total acquired net assets	30,850	30,255

As a result of the paid price allocation process intangible assets were identified of the amount of EUR 1.8 million as well as liabilities from a disadvantageous contract amounting to EUR 2.8 million (with related tax effect).

In accordance with the provisions of IFRS 3 the Group shall measure the final effect of a business combination within a period of twelve months. Given that the takeover took place in the last quarter of 2020 and due to the complexity of the paid price allocation process, the measurement of the identified liability has been considered as provisional. The final recognition of this business combination will be carried out within the period of twelve months established by IFRS 3, which ends on 24 September 2021, based on the information, facts and circumstances existing at the date of the acquisition. Should any modification be applied to the provisional amounts, its effect will be recognised retroactively.

As a consequence of the difference between the cost of the business combination and the fair value of the acquired net assets, there arose a negative difference in business combinations amounting to EUR 16,341 thousand, which was recorded in the consolidated income statement for the year. The difference results mainly from the strategy applied by E.ON Hungária Zrt. of selling 100% of the share capital of E.ON Energiakereskedelmi Kft. in order to comply with certain requirements imposed by the European Competition Authorities in the context of other corporate transactions in which the E.ON Group is involved.

Moreover, at the date of the acquisition a loan of EUR 28,326 thousand was assumed, as it had been recorded under liabilities in the balance sheet of the acquired company.

Within the period between the date of business combination and the end of the year the income and the profit contributed by Audax Hungría amounted to EUR 104,912 thousand and EUR 428 thousand respectively.

If the acquisition had been carried out on 1 January 2020, ordinary income of the Group and consolidated profit from continued operations for the year ended on 31 December 2020 would have amounted to EUR 1,253,426 thousand and EUR 26,385 thousand, respectively.

Purchase of photovoltaic projects

On 30 December 2020 Audax Renovables signed an exclusive purchase agreement with the company Audax Fotovoltaica S.L.U. (a company belonging to the Excelsior Group) for the purchase of 100% of shares of the companies Audax Solar SPV VII, S.L.U., Audax Solar SPV XXVI, S.L.U., Audax Solar SPV X, S.L.U, Solar Buaya Inversiones, S.L.U. for the total amount of EUR 66,225 thousand. The main object of the acquired companies involves development, construction and operation of photovoltaic power generation projects. The purchase price of this transaction was endorsed by an independent expert through a Fairness Opinion report at the request of the governing bodies and their delegated committees, as it was a case of related party transaction.

On the grounds of the analysis carried out, the Group considers that the transaction does not fulfil the requirements to be classified as a business combination under IFRS 3, therefore it was recognised as an asset acquisition. Other net liabilities correspond mainly to payables to related parties (Note 17).

Consequently, the breakdown of the assets and liabilities incorporated at fair value at the date of their incorporation to the group is as follows:

	EUR thousands
Intangible assets	63,262
Tangible assets	3,265
Other assets	456
Total assets	66,983
Other net liabilities	758
Total liabilities	758
Total acquired net assets	66,225

Moreover, on 28 July 2020 Audax Renovables S.A. signed an agreement with Energy Pool España, S.L. for the purchase of 100% of shares of the company Corinto Solar, S.L. for the amount of EUR 236 thousand.

Increase of non-controlling interests

On 24 April 2020 Audax Renovables, S.A. entered into an agreement on the purchase of the Non-controlling interests of the Dutch company Main Energie, B.V. (formerly Audax Netherlands B.V.) for the amount of EUR 15,385 thousand. Through this transaction Audax Renovables, S.A. became the sole shareholder of the company, and previous cross-option agreements were exercised for put and call options over the shares of the company. This transaction involved a reduction of the Non-controlling interests of EUR 11,348 thousand and an increase of reserves of EUR 15,385 thousand.

On 29 June 2020 Audax Renovables purchased the Non-controlling interests of Eryx Investments 2017, S.L. - the parent of a group of energy retailing companies, including Unieléctrica Energía, S.A. Through this transaction Audax Renovables, S.A. has become the sole shareholder of that company. The purchase price of the transaction amounted to EUR 28,608 thousand and involved a decrease of the Non-controlling interests of EUR 13,539 thousand and a reduction of the reserves of EUR 20,156 thousand. The seller of this non-controlling interest is the related company, Eléctrica Nuriel, S.L.

On 29 June 2020 Audax Renovables purchased Non-controlling interest of the company Fox Energía, S.L. - a subsidiary of Unieléctrica Energía, S.A. involved in energy retailing. Through this transaction the Audax Renovables Group holds an 88.8% stake of the company. The purchase price of the transaction amounted to EUR 10,400 thousand and involved a decrease of the Non-controlling interests of EUR 997 thousand and a reduction of the reserves of EUR 8,897 thousand. The seller of this non-controlling interest is the related company, Eléctrica Nuriel, S.L.

Other transactions

In 2020 the dissolution and liquidation of the companies Castellwind-03, S.L., Entreyeltes 1, S.L. and Fersa Asesoramiento y Gestión, S.L. was approved. The liquidation of those companies did not involve any significant impact on the current financial statements.

In 2020 the companies Masqluz 2020, S.L. Alset Comercializadora, S.L., By Energyc Energía Eficiente, S.L., Love Energy, S.L., Energía Ecológica Económica S.L. and Feed Energia, S.L. were set up, all of them dedicated to the energy retailing in Spain.

Year 2019:

Purchase of photovoltaic projects

In 2019 Audax Renovables reached an agreement with the company Audax Fotovoltaica S.L.U. (a company belonging to the Excelsior Group) on the purchase of 100% of shares of the companies Audax Solar SPV IV S.L.U, Audax Solar SPV VI S.L.U., Audax Solar SPV IX S.L.U., Aznalcollar Solar S.A.U. for the total amount of EUR 10,678 thousand. The main object of the acquired companies involves development, construction and operation of photovoltaic power generation projects. The purchase price of this transaction was endorsed by an independent expert through a Fairness Opinion report at the request of the governing bodies and their delegated committees, as it was a case of related party transaction.

The breakdown of the assets and liabilities incorporated at fair value at the date of their incorporation to the group is as follows:

	EUR thousands
Intangible assets	9,543
Tangible assets	1,661
Other assets	7
Total assets	11,211
Other net liabilities	533
Total liabilities	533
Total acquired net assets	10,678

On the grounds of the analysis carried out, the Group considered that the transaction did not fulfil the requirements to be classified as a business combination under IFRS 3, therefore it was recognised as an asset acquisition.

On 8 May 2019 Audax Renovables, S.A. and Audax Fotovoltaica, S.L. signed an agreement for the assignment of contracts for the purchase and sale of shares for the amount of EUR 3,464 thousand. Under this agreement, Audax Renovables assumed the rights and obligations of Audax Fotovoltaica, S.L. in the contracts for the purchase and sale of shares which the latter concluded for the purchase of the companies Botey Solar, S.L., Corot Energía, S.L., Las Piedras Solar, S.L., Da Vinci Energía, S.L and Elogia Calañas, S.L, and which were subject to the fulfilment of certain conditions precedent. The main object of the acquired companies involves development, construction and operation of photovoltaic power generation projects. The purchase price of this transaction was endorsed through a Fairness Opinion report issued by an independent expert.

On 2 August 2019, Audax Renovables signed and agreement with the company Energy Pool España S.L. for the purchase of 100% of shares of the companies Botey Solar, S.L., Corot Energía, S.L., Las Piedras Solar, S.L., Da Vinci Energía, S.L. The total cost of the acquisition of these companies, including the purchase right, amounted to EUR 15,652 thousand. The main object of the acquired companies involves development, construction and operation of photovoltaic power generation projects. The purchase price of this transaction was endorsed through a Fairness Opinion report issued by an independent expert.

The breakdown of the assets and liabilities incorporated at fair value at the date of their incorporation to the group was as follows:

	EUR thousands
Intangible assets	12,977
Tangible assets	4,390
Other assets	445
Total assets	17,812
Accounts payable	2,160
Total liabilities	2,160
Total acquired net assets	15,652

Additionally, on 18 December 2019, Audax Renovables signed an agreement with the company Ruiz Velasco, S.A. and Juan Ruiz Velasco Coca, for the purchase of 100% of shares of the company Elogia Calañas, S.L. The total cost of the acquisition of this company, including the right to purchase Audax Fotovoltaica, was of EUR 609 thousand. The main object of the acquired company involves development, construction and operation of photovoltaic power generation projects. The purchase price of this transaction was endorsed through a Fairness Opinion report issued by an independent expert.

The breakdown of the assets and liabilities incorporated at fair value at the date of their incorporation to the group is as follows:

	EUR thousands
Intangible assets	601
Tangible assets	33
Other assets	11
Total assets	645
Accounts payable	36
Total liabilities	36
Total acquired net assets	609

On the grounds of the analysis carried out, the Group considers that the transactions do not fulfil the requirements to be classified as business combinations under IFRS 3, as none of the acquired assets and liabilities meet the definition of a business established in that standard.

Divestments

In the first half year 2019, Audax Renovables S.A. reached an agreement for the sale of 100% of shares of the company Parc Eòlic Mudefer, S.L.U. to a third and non-related company, Helia Renovables II F.C.R.; the agreement is subject to certain conditions precedent. Finally, on 31 July 2019 and after fulfilling those conditions, the sale transaction was carried out. The impact of the sale meant profit before tax amounting to EUR 5,606 thousand, recorded under the heading "Impairment and profit (loss) on disposal of fixed assets".

The breakdown of the assets and liabilities sold as at the date of the transaction is as follows:

	EUR thousands
Intangible assets	11,299
Property, plant and equipment	59,294
Long-term financial investments	4
Deferred tax assets	1,500
Trade and other receivables	2,938
Short-term financial investments	3,850
Time period adjustments of current assets	44
Cash and other cash equivalents	3,817
Total assets	**82,746**
Long-term provisions	569
Long-term debts	50,659
Deferred tax liabilities	2,639
Short-term debts	5,071
Trade and other payables	1,339
Total liabilities	**60,277**
Total net assets	**22,469**

Moreover, in the first half year 2019, Audax Renovables S.A. secured another agreement for the sale of its shares in Gestora Fotovoltaica de Castellón, S.L., which correspond to 76% of the shares of that company, to a third non-related company, Minerva Renovables S.A. The agreement was subject to certain conditions precedent. Finally, in July 2019 and after fulfilling those conditions, the sale transaction was carried out. The impact of the sale meant loss before tax amounting to EUR 890 thousand, recorded under the heading "Impairment and profit (loss) on disposal of fixed assets".

The breakdown of the assets and liabilities sold as at the date of the transaction is as follows:

	EUR thousands
Intangible assets	62
Property, plant and equipment	5,019
Deferred tax assets	46
Trade and other receivables	321
Time period adjustments of current assets	1
Cash and other cash equivalents	66
Total assets	**5,515**
Non-controlling interests	386
Long-term debts	1,670
Non-current payables to associated companies	203
Short-term debts	592
Current payables to associated companies	6
Trade and other payables	128
Total liabilities	**2,985**
Total net assets	**2,530**

Additionally, on 21 November 2019, Audax Renovables S.A, carried out the sale of 100% of its shares of Parque Eólico Hinojal, S.L., to a third non-related company Green Swell, S.L. The impact of the sale meant loss before tax amounting to EUR 1,398 thousand, recorded under the heading of "Impairment and profit (loss) on disposal of fixed assets".

The breakdown of the assets and liabilities sold as at the date of the transaction is as follows:

	EUR thousands
Goodwill	634
Intangible assets	15,197
Property, plant and equipment	24,284
Long-term financial investments	71
Deferred tax assets	254
Trade and other receivables	1,476
Short-term financial investments	1,784
Time period adjustments of current assets	54
Cash and other cash equivalents	4,611
Total assets	**48,365**
Long-term provisions	407
Long-term debts	20,179
Deferred tax liabilities	2,983
Short-term debts	3,014
Trade and other payables	716
Total liabilities	**27,299**
Total net assets	**21,066**

Lastly, on 20 December 2019, Audax Renovables S.A. carried out the sale of the entirety of its shares in Fercom Eólica, S.L.U, and Parc Eólic Coll de Som, S.L.U, to a third non-related company, Nearco Renovables, S.L. The impact of the sale meant profit before tax amounting to EUR 1,546 thousand, recorded under the heading "Impairment and profit (loss) on disposal of fixed assets".

The breakdown of the assets and liabilities sold as at the date of the transaction is as follows:

	EUR thousands
Intangible assets	59
Property, plant and equipment	79
Long-term financial investments	3,046
Deferred tax assets	27
Cash and other cash equivalents	3
Total assets	**3,214**
Short-term debts	53
Total liabilities	**53**
Total net assets	**3,161**

As a consequence of all these transactions, the Audax Renovables Group ceased to hold shares directly or indirectly in the following companies: Berta Energies Renovables, S.L., Aprofitament d'Energies Renovables de l'Ebre, S.L, Subestación y Linea 2004, A.I.E, and Comunidad de Terra Alta.

Other transactions

In 2019 the company Fox Energía, S.A., a subsidiary of Unieléctrica Energía, S.A., acquired 77% the shares of the company Cima Energía Comercializadora, S.L. Moreover, the company Nabalia Energía 2000, S.A., also a subsidiary of Unieléctrica Energía, S.A, acquired 100% of the shares of Ahorre Luz Servicios Online, S.L. The cost of acquisition of these companies amounted to EUR 27 thousand. The purchase of these companies generated goodwill amounting to EUR 15 thousand.

Lastly, in December 2019, a merger between the Dutch companies Audax Netherlands, B.V. and Main Energie, B.V. was carried out. This transaction did not have any significant impact on these consolidated annual accounts.

c) Homogenisation of the accounts of the companies in the consolidation scope.

The criteria applied in the homogenisation have been as follows:

- Temporary homogenisation: the accounts of the companies in the consolidation scope are referred to 31 December 31 December 2020 and 2019.

- Measurement homogenisation: the measurement criteria applied by the subsidiary companies to the assets, liabilities, income and expenses coincide basically with the criteria applied by the Parent Company.

- Homogenisation for internal transactions.

- Aggregation homogenisation: for consolidation purposes, the necessary reclassifications have been made to adapt the structures of the subsidiary companies accounts to that of the Parent Company and to IFRS-EU.

2.6 Transactions in foreign currency

The items included in the consolidated annual accounts of each entity in the Audax Renovables Group are stated using the currency of the main economic environment in which the entity operates (functional currency). The consolidated annual accounts are presented in thousand euros, which is the presentation currency of the Audax Renovables Group.

The transactions in foreign currency are translated into the functional currency using the exchange rates in force on the transaction dates. The gains and losses in foreign currency from the settlement of these transactions and the translation to year end exchange rates of the monetary assets and liabilities denominated in foreign currency are recognised in the consolidated income statement.

The net income and financial position of all the companies in the Audax Renovables Group (none of which are trading in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- The assets and liabilities of each balance sheet presented are translated at the exchange rate in force at the balance sheet date.

- The income and expenses of each income statement are translated at monthly average exchange rates, unless this measure does not reasonably reflect the accumulated impact of the exchange rates on the transaction dates, in which case the income and expenses are translated at the date of the transactions.

- All the exchange differences are recognised as separate components in net equity (translation differences).

The adjustments to goodwill and fair value arising from the acquisition of a foreign entity are treated as the assets and liabilities of the foreign entity and translated at the year-end exchange rate.

The exchange rates against the euro of the main currencies of the companies in the Audax Renovables Group as at 31 December 2020 and 2019 were as follows:

	Thursday 31 December 2020		31 December 2019	
	Closing rate	Type Medium	Closing rate	Type Medium
US dollar	1.2271	1.1453	1.1081	1.1202
Hungarian forint	366.24	364.12	-	-
Polish zloty	4.5597	4.4502	4.2792	4.3009

2.7 Segment reporting

Information about segments is disclosed in accordance with IFRS 8. The operating segments are the components of the Group that involve business activities from which revenue is obtained and expenses are incurred, including ordinary income and expenses from transactions with other components of the same Group. In regard to these segments, the financial information is separated and operating results are reviewed regularly by the Group's ultimate authority in the decision-making process in order to decide what resources must be assigned to the segment and to evaluate its performance.

The Group currently conducts the integrated businesses of energy retail and generation, and classifies the financial information in categories only according to the geographical scope. As a consequence, within segment reporting, information in these interim condensed consolidated financial statements is disclosed by geographical segments.

2.8 Intangible assets

a) Goodwill

Goodwill represents the surplus, on the acquisition date, of the costs of the business combination over the fair value of the net identifiable assets of the subsidiary, joint venture or associate acquired in the operation. The goodwill related to the acquisitions of subsidiaries or joint ventures are included under intangible assets and that related to acquisitions of associated is included under investments consolidated by equity accounting.

Prior to the entry into force of the International Financial Reporting Standards, and as per IFRS 1, goodwill arising from the acquisitions before 1 January 2004 was recorded in the amount recognised as such in the consolidated annual accounts at 31 December 2003 prepared under Spanish accounting principles.

The cost of the combination is determined by the aggregation of:

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

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

Costs related with the emission of equity instruments or financial liabilities exchanged for the acquired assets are not part of the combination costs.

Additionally, fees paid to legal advisors or other professionals that have intervened in the combination, and of course those costs generated internally with the same nature, are not considered part of the combination costs. Instead, these costs are directly attributed to the income statement.

If the business combination is done in different stages, in such a way that before the acquisition date (obtaining the effective control) it already existed an investment, goodwill or the negative difference will be obtained by computing the difference between:

- The cost of the business combination, plus the fair value on the acquisition date of any previous share of the acquiring company in the acquired company, and

- The value of the identifiable acquired assets minus the liabilities assumed, determined according to what was indicated previously.

Any profit or loss incurred as a consequence of the valuation at fair value on the date in which effective control is obtained over the shares of the acquired company, will be recognized in the consolidated income statement. If the investment has been valued previously according to its fair value, the valuation adjustments pending to be included in the year's result will be transferred into the income statement. On the other hand, it is presumed that the cost of the business combination is the best reference point to estimate the fair value on the acquisition date of any previously issued share.

Any goodwill coming from the acquisition of a company whose functional currency is not the Euro, will be valued in that distinct currency. The Euro conversion will take place on the balance sheet date.

Goodwill is not amortized and needs to be revised annually so as to check if any impairment needs to be done. The ending value of goodwill will be its cost value minus the accumulated impairment value. Any impairment loss is considered an immediate expense and cannot be reversed in the future.

If the combination difference happened to be negative, it would be registered in the income statement as an income.

If at the closing date of the year in which the combination takes place the valuation processes needed to apply the acquisition method described above had not been concluded, this accounting entry would be considered provisional, thus future adjustments on the provisional values would be allowed during the period it took to acquire the required information, which under no circumstances can be more than a year. The effects of the adjustments done during this period will be accounted for retroactively, modifying the comparative information if needed.

The subsequent changes in the fair value of the contingent consideration will be adjusted against results, unless such consideration has been classified as net equity in which case its further changes on fair value will not be recognized.

If after taking the efficient control sales transactions take place or subsidiary shares are bought without losing it, the impact of these transactions without changes in control will be accounted as net equity and will not modify the value of the consolidated goodwill.

b) Computer software

Computer software purchased and developed by the company itself, including the cost of the development of websites, is recognised correspondingly to the fulfilment of the conditions established for the development expenses. The maintenance cost of computer software is expensed as incurred. These costs are amortised by straight-line amortisation during its estimated useful life (between 3 and 4 years).

The expenses related to the maintenance of computer software are recognised as cost when incurred. Cost related directly to the production of unique and identifiable software controlled by the Company, and when it is probable that it will generate economic profit exceeding the cost during more than one year, is recognised as intangible asset. Direct costs include staff costs of software developers and a suitable percentage of general costs

c) Trademarks and Client portfolio

Client portfolio corresponds primarily to the ones acquired through business combination in the year 2017 of the company Audax Netherlands B.V. and the company Eryx Investments 2017, S.L. (Unieléctrica Group) during the year 2018. Moreover, in 2020 a client portfolio was acquired through the business combination of Audax Hungría.

For the valuation of customer relations the earnings method (MEEM) was used. The value of the assets is estimated by the sum of future "excess earnings" discounted at present value, less charges for contributive assets.

The client portfolios are amortised by the straight-line amortisation method during their useful life which is estimated to be between 2 and 12 years and is determined according to the drop ratio based on historical data.

Trademarks are the ones acquired through business combinations referred to in the previous paragraph. Some trademarks have indefinite useful life, as there is no estimable limit to the period in which the asset will generate cash inflows, whereas others are amortised depending on their estimated useful life, mainly between 2 and 10 years.

d) Right-of-use assets

Right-of-use assets are recognised on the lease commencement date.

The cost of the right-of-use asset includes the amount of the measurement at recognition of the lease liability, any lease payment made on or before the commencement date, less the incentives received, the initial direct costs incurred in lease, and the estimated cost to be incurred in dismantling and restoring the asset.

After the initial recognition, the right-of-use asset is measured at cost less accumulated amortisation and impairment loss. The amortisation of the right-of-use asset begins on the lease commencement date and is carried out over the useful life of the underlying asset or the lease term if the latter is shorter. If the ownership is transferred to the lessee or when it is quite certain that the lessee will exercise the purchase option, the amortisation is recorded over the useful life of the asset.

The recognition exemption has been applied in leases where the underlying asset is of low value (less than USD 5,000) and short term (lease term of 12 months or less). In these cases the lease payments are recognised as operating expenses applying the straight-line method over the lease term.

e) Other intangible assets and Licences

Intangible assets are recorded at acquisition cost, or at fair value when they are acquired through business combinations, less accumulated amortisation initiated when the asset is available to be used and less any impairment when it occurs.

These assets arise mainly from measuring at fair value, in business combinations, certain milestones in the development and implementation of, for example, a wind farm, such as the finding of ideal sites for the farm, wind measurements, obtaining licenses and authorisation from official bodies for the construction of a wind farm, etc. They include own work capitalised (basically staff costs) under intangible assets when the requirements of IAS 38 are met. These intangible assets are amortised on a straight-line basis over the farm's useful life, which begins when the assets are put into operation.

The net book value of the intangible assets is tested for possible impairment before their amortisation begins and if changes or events indicate that their net book value cannot be recovered.

2.9 Property, plant and equipment

Property, plant and equipment are recognised at their acquisition price or cost of production minus their accumulated depreciation and accumulated recognised impairment losses. This account also includes own work capitalised (basically staff costs) for property, plant and equipment when the requirements of its recognition are met. The provisions for dismantling, under contract, which are recorded upon start up at their current value as property, plant and equipment (with a counter-entry under provisions), form part of the cost and are depreciated over the useful life of the wind farm.

The net financial expenses, and other expenses directly attributable to property, plant and equipment, are included in the acquisition cost until they are brought into use.

The costs of extension, modernisation or improvement of property, plant and equipment are capitalised only when they represent an increase in their capacity, productivity or a lengthening of their useful life, and as long as it is possible to know or estimate the carrying value of the assets that are written off inventories when replaced.

The costs of major repairs are capitalised and depreciated over their estimated useful lives while recurrent maintenance expenses are taken to income statement during the year in which they are incurred.

The depreciation of property, plant and equipment, except for land, which is not depreciated, is calculated on a straight-line basis according to their estimated useful lives, taking into account ordinary wear and tear. The estimated useful lives are as follows:

	Depreciation method	**Years of estimated useful life**
Structures	Straight-line	33 – 50
Plant and machinery	Straight-line	8 – 25
Other plants, facilities and equipment	Straight-line	5 – 20
Other property, plant and equipment	Straight-line	4 – 14

The residual value and useful life of assets are reviewed, and adjusted if needed, at each consolidated balance sheet date.

When the book value of an asset is greater than its estimated recoverable value, it is immediately written down to the recoverable value.

The profit and loss on the sale of property, plant and equipment is calculated by comparing the income obtained from the sale against book value and then taken to the income statement.

2.10 Impairment of non-financial assets

The Group applies the method of assessing the existence of indications which might imply possible impairment of non-financial assets subject to amortisation or depreciation, in order to verify if the carrying amount of said assets exceeds the recoverable amount.

Moreover, regardless of whether there are any indications of impairment, the Group examines at least once a year the possible impairment that could affect the goodwill and the intangible assets of indefinite useful life, as well as intangible assets that are not yet available for use.

The recoverable amount of an asset is whichever is higher between its fair value less costs of disposal or its value in use. The value in use of an asset is determined according to the future cash flows expected to be derived from the use of the asset, the expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows related to the asset.

Negative differences resulting from the comparison between the carrying amount and the recoverable amount of the assets are recognised in profit and loss.

The recoverable amount must be calculated for an individual asset, unless the asset does not generate cash inflows which are largely independent of cash inflows from other assets or groups of assets. If this is the case, the recoverable amount is determined for the CGU (Cash-Generating Unit) to which it belongs.

Impairment loss of a CGU initially reduces the goodwill allocated to that CGU and, later on, to the other assets of the CGU pro rata the carrying amount of each one of the assets, with the limit for each one of them of whichever is the higher between its fair value less cost of sale or other disposal, its value in use, and zero.

The Group assesses at each balance sheet date whether there is an indication that an impairment loss recognised in previous years does not exist any more or may have decreased. Reversal of impairment loss for goodwill is not possible. Impairment loss for the rest of assets may be only reversed if there has been a change in the estimates used to determine the recoverable amount of the asset.

Reversal of the impairment loss is recognised in the profit or loss. However, the increased carrying amount due to reversal should not be more than what its depreciated historical cost would have been if the impairment had not been recognised.

2.11 Leases

Identification of a lease

At the beginning of a contract, the Group assesses if the contract contains a lease. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The period in which the Group uses an asset includes consecutive and non-consecutive periods. The Group reassesses the conditions only when the contract is amended.

Lessee accounting

In the contracts which contain one or more lease components and non-lease components, the Group assigns consideration of the contract to each lease component according to the selling stand-alone price of the lease component and aggregate stand-alone price of the non-lease components.

The payments made by the Group which do not involve transfer of goods or services to the Group by the lessor are not a component separate from the lease, but form part of the total consideration of the contract.

The Group decided to not apply the accounting policies specified below for short-term leases and those where the value of the underlying asset is lower than EUR 4 thousand. (IFRS 16.8 and B3-B8).

For this kind of contracts the Group recognises the payments on a straight-line basis over the lease term.

At the beginning of the lease the Group recognises a right-of-use asset and a lease liability. The right-of-use asset consists of the amount of the lease liability, any lease payment made on or before the commencement date, less the incentives received, the initial direct costs incurred in lease and the estimated cost to be incurred in dismantling and restoring the asset, as indicated in the provisions accounting policy.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date. The Group discounts the lease payments using the adequate incremental rate, except for when it is possible to credibly determine the lessor's interest rate implicit in the lease.

The unpaid lease payments consist of fixed payments, less any lease incentives receivable, variable payments that depend on an index or a rate, initially measured using the index or rate applicable at the commencement date, the amounts expected to be payable under residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and the payments of penalties for terminating the lease if the lease term reflects the exercising of an option to terminate the lease.

The Group measures the right-of-use assets, less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

If the contract conveys the ownership of the asset to the Group at the end of the lease term or the right-of-use asset includes the purchase option price, depreciation is carried out applying the criteria indicated in the property, plant and equipment paragraph from the lease commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful file of the right-of-use asset or the end of the lease term.

The Group applies the criteria of the impairment of non-current assets indicated in Note 5 to the right-of-use assets.

The Group measures the lease liability incrementing it by the accrued financial expense, reducing it by the payments made and remeasuring the book value due to amendments to the lease or in order to reflect the adjustments of the in-substance fixed payments.

The Group recognises variable payments that were not included in the initial measurement of the liability in profit or loss for the period in which the circumstance occurred which triggered the payment.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset until it is reduced to zero and later in profit or loss.

The Group remeasures the lease liability by discounting the lease payments using a revised discount rate if there is a change in the lease term or a change to the assessment of the option to purchase the underlying asset.

The Group remeasures the lease liability if there is a change in the amounts expected to be payable under residual value guarantee or a change to the index or rate used to determine the payments, including a change to reflect the changes in the market rental rates following a market rent review.

The Group recognises a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If the modification is not accounted for as a separate lease, at the date of the modification, the Group allocates the consideration in the modified contract in the way indicated above, determines again the lease term and remeasures the lease liability by discounting the revised payments using a revised discount rate. The Group decreases the book value of the right-of-use asset to reflect the partial or full termination of the lease in the modifications that decrease the scope of the lease, and recognises in profit or loss the relevant gain or loss. For all other lease modifications, the Group adjusts the book value of the right-of-use asset.

Lessor accounting

In the contracts which contain one or more lease components and non-lease components, the Group allocates the consideration of the lease contract applying the accounting policy of Revenue from Contracts with Customers.

The Group classifies as finance lease the contracts which initially transfer substantially to the lessee all the risk and rewards incidental to ownership of the underlying assets. Where this is not the case, they are classified as operating leases.

Finance leases

The Group recognises a receivable at the present value of the lease receivable plus the unguaranteed residual value, discounted using the interest rate implicit in the lease (net investment in the lease). Initial direct costs are included in the initial measurement or the receivable and decrease the amount of the recognised income over the lease term. Financial income is allocated to the income statement using the method of the effective interest rate.

At the commencement date, the Group recognises in the lease receivable account the amounts to be collected related to the fixed payments, less the incentives payable, variable payments that depend on an index or rate, measured using the index or rate applicable at that date, any amount under residual value guarantees paid to the lessor by the lessee, its related party or any third party not related to the lessor with financial capacity to fulfil the obligation, the exercise price of a purchase option if it is reasonably certain that it will be exercised by the lessee and the payments of penalties for terminating the lease if the lease term reflects that the lessee is going to exercise the option to terminate the lease.

The Group recognises a finance lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If the modification is not accounted for as a separate lease and the lease would have been classified as an operating lease, had the modification occurred at the commencement of the lease, the Group accounts for the modification as a new lease from the effective date of the modification and measures the book value of the underlying asset as a net investment in the lease immediately before the effective date of the modification. Otherwise, the Group applies the modification requirements indicated in the accounting policy for financial instruments.

The Group reviews regularly the unguaranteed residual values. If there is a reduction, the income allocation over the lease term is revised and any reduction in respect of the amounts accrued is recognised immediately in profit or loss.

Operating leases

The Group presents the assets leased to third parties under operating lease contracts according to the nature of the assets applying accounting principles.

The Group recognises income from operating leases, less the incentives granted, as income on a straight-line basis over the lease term, except for when another systematic base if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

The initial direct costs of the lease are added to the carrying amount of the underlying asset and are recognised as expense over the lease term on the same basis as the lease income.

The Group recognises variable payments as income when it is probable that they will be receivable, which generally is when circumstances occur that trigger the payment.

The Group recognises an operating lease modification as a new lease from the effective date of the modification, considering any prepayment or deferred payment for the original lease as a part of the lease payments of the new lease.

2.12 Impairment losses on non-financial assets

The Group applies the method of assessing the existence of indications which might imply possible impairment of non-financial assets subject to amortisation or depreciation, in order to verify if the carrying amount of said assets exceeds the recoverable amount.

Moreover, regardless of whether there are any indications of impairment, the Group examines at least once a year the possible impairment that could affect the goodwill and the intangible assets of indefinite useful life, as well as intangible assets that are not yet available for use.

The recoverable amount of an asset is whichever is higher between its fair value less costs of disposal or its value in use. The value in use of an asset is determined according to the future cash flows expected to be derived from the use of the asset, the expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows related to the asset.

Negative differences resulting from the comparison between the carrying amount and the recoverable amount of the assets are recognised in profit and loss.

The recoverable amount must be calculated for an individual asset, unless the asset does not generate cash inflows which are largely independent of cash inflows from other assets or groups of assets. If this is the case, the recoverable amount is determined for the CGU (Cash-Generating Unit) to which it belongs.
Impairment loss of a CGU initially reduces the goodwill allocated to that CGU and, later on, to the other assets of the CGU pro rata the carrying amount of each one of the assets, with the limit for each one of them of whichever is the higher between its fair value less cost of sale or other disposal, its value in use, and zero.

The Group assesses at each balance sheet date whether there is an indication that an impairment loss recognised in previous years does not exist any more or may have decreased. Reversal of impairment loss for goodwill is not possible. Impairment loss for the rest of assets may be only reversed if there has been a change in the estimates used to determine the recoverable amount of the asset.

Reversal of the impairment loss is recognised in the profit or loss. However, the increased carrying amount due to reversal should not be more than what its depreciated historical cost would have been if the impairment had not been recognised.

2.13 Financial Instruments

1) Recognition and classification of financial instruments

Financial instruments are classified at the moment of their initial recognition as a financial asset, a financial liability or an equity instrument, according to the substance of the contract and to the definitions of financial asset, financial liability or equity instrument developed in IAS 32 “Financial Instruments: Presentation”.

The Group classifies a financial asset or financial liability as held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

- In the initial recognition it is part of a portfolio of identified financial instruments that are managed as a set and for which there is an evidence of a recent pattern of short-term profit taking;

- It is a derivative, except for a derivative designated as hedging instrument and meets the requirements to be efficient and a derivative which is a financial guarantee contract

- It is a commitment to provide financial assets obtained by borrowing and that are not owned.

The Group classifies a financial asset at amortised cost if it is held within the framework of business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI)

The Group classifies a financial asset at fair value through other comprehensive income if it is held within the framework of business model whose objective is reached by collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

The business model is determined by the key personnel of the Group and on a level which reflects the way in which the groups of financial assets are collectively managed in order to attain specific business objective. The Group’s business model represents the way in which the Group manages its financial assets for the purpose of generating cash flows.

The financial assets within the business model whose objective is to hold assets in order to collect contractual cash flows are managed for the purpose of generating cash flows in the form of contractual amounts collected over the life of the instrument. The Group manages the assets held in the portfolio for collection of those specific contractual cash flows. In order to determine whether the cash flows are collected through the reception of contractual cash flows from financial assets, the Group evaluates the frequency, the value and schedule of sales in previous years, the reasons for those sales and the expectations concerning future sale activities. However, the sales as such do not determine the business model and, therefore, should not be considered separately. It is the data on previous sales and on the expectations concerning future sales that provides the information indicative of the method of attaining the Group’s declared objective regarding the management of financial assets and, more specifically, the method of collecting cash flows. The Group evaluates the data on previous sales in the context of the reasons for those sales and of the conditions existing at that moment and compared to the current ones. For this purpose the Group considers that trade receivables and accounts receivable which will be the subject of transfer to third parties and which will not involve their derecognition, are held within this business model.

Although the objective of the Group's business model is to hold financial assets in order to collect contractual cash flows, the Group holds all the instruments until maturity. Therefore, the Group's business model is to hold financial assets in order to collect contractual cash flows even in the event of a sale or an expected future sale of these assets. The Group considers this requirement as fulfilled, provided that the sale occurred due to an increased credit risk of the financial assets. In other circumstances, on an individual and collective level, the sales must be of little significance, even if they are frequent or infrequent, even if they are significant.

The financial assets which are belong to the business model whose objective is to hold assets in order to collect contractual cash flows and sell them are managed for the purpose of generating cash flows in the form of contractual amounts collected and selling them according to various needs of the Group. In this kind of business model the Group's key management personnel has decided that in order to fulfil this objective the collection of contractual cash flows is as essential as the sale of the financial assets. In order to attain this objective the Group collects contractual cash flows as well as sells financial assets. In comparison to the previous business model, in this one the Group usually carries out the sale of the assets that are more frequent and of a higher value.

The contractual cash flows that are SPPI, are consistent with the basic lending arrangement. In a basic lending arrangement the most significant element of the interest is generally the compensation for the time value of money as well as the credit risk. However, in an arrangement of this kind the interest also includes the compensation for other risks, such as liquidity, and costs, such as the administrative costs of a basic loan linked to holding the financial asset during a specific period. Furthermore, the interest may include a profit margin consistent with a basic lending arrangement.

As indicated in note 9, the Group has designed certain equity instruments as measured at fair value through other comprehensive income.

The Group designates a financial asset initially at fair value through profit and loss, if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The rest of financial assets are classified at fair value through profit and loss.

The Group designates a financial liability at the moment of its initial recognition as at fair value through profit and loss if by doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases or the liability is part of a group of financial liabilities or financial assets and financial liabilities that is managed and its performance is evaluated on a fair value bases, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel.

The Group classifies the rest of financial liabilities, except for the financial guarantee contracts, loan commitments at an interest rate below the market rate and the financial liabilities resulting from a transfer of financial assets that do not meet the requirements for their derecognition or are accounted for using the continued involvement approach as financial liabilities at amortised cost.

i) Principles of compensation

A financial asset and a financial liability are subject to compensation only when the Group has the legal right actually enforceable to compensate the recognised amounts and has the intention to settle for differences or realise the asset and cancel the liability simultaneously. In order for the Group to have the legal right actually enforceable, it should not be contingent to a future event and should be legally enforceable in the ordinary course of business, in case of insolvency or legally declared liquidation and in case of default.

ii) Financial assets and liabilities at fair value through profit and loss

Financial assets and financial liabilities at fair value through profit and loss are initially recognised at fair value. Transaction costs directly attributable to the purchase or issuance are recognised as expenses in the amount they are incurred.

The fair value of a financial instrument at the initial recognition moment is usually the price of the transaction, except for when that price contains elements that are different from the instrument, in which case the Group determines its fair value. If the Group establishes that the fair value of an instrument differs from the price of the transaction, it records the difference in profit or loss, in proportion to the value obtained by reference to a price quoted on an active market or of an identical asset or liability or obtained by a measurement method using only observable data. In other cases the Group recognises the difference in profit or loss when there is a change in a factor that the market participants would consider in determining the price of the asset or liability. (IFRS 7.28 a)

Subsequently to the initial recognition, they are recognised at fair value recording the differences in profit or loss. The changes of the fair value include the component of interest and dividends. The fair value is not reduced by the transaction costs which may be incurred by the sale or other disposal.

The Group determines the change in the fair value attributable to the credit risk calculating initially the internal return rate at the beginning of the period using the fair value and the contractual cash flows and discounts from said rate the reference interest rate in order to determine the specific kind of component of the credit risk, provided that the change in the reference interest rate is not significant and there are no other factors which might involve important changes in the fair value. On every balance sheet date the Group discounts the contractual cash flows at a rate established as the sum of the reference rate of the date plus a specific rate of the credit risk component. The difference between the fair value at the balance sheet date and the previous amount represents the change linked to the credit risk.

iii) Financial assets and liabilities at amortised cost

The financial assets and financial liabilities at amortised cost are initially recognised at their fair value, plus or minus incurred transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

iv) Financial assets at fair value with changes in other comprehensive income

The financial assets at fair value with changes in other comprehensive income are initially recognised at fair value plus transaction costs that are directly attributable to the purchase.

Subsequently to the initial recognition the financial assets classified into this category are measured at fair value with recognition of loss or gain in other comprehensive income, except for the loss or gain due to exchange rate, as explained in section 2.6 (foreign currency transactions) and expected credit loss. The amounts recognised in other comprehensive income are recognised in profit or loss at the moment of derecognition of the financial assets. However, the interests calculated using the effective interest rate method are recognised in profit or loss.

As indicated above, the Group has designed certain equity instruments as measured at fair value with changes in other comprehensive income. Subsequently to the initial recognition, the equity instruments are measured at fair value with recognition of loss or profit in other comprehensive income. The amounts recognised in other comprehensive income are not subject to reclassification to profit or loss, without prejudice of being reclassified to reserves at the moment of derecognition of the instruments.

v) Financial assets measured at cost

The investments in equity instruments for which there is no sufficient information to measure their fair value or when there is a wide range of measurements and derivative instruments that are linked to them which should be settled for providing those investments, are measured at cost. However, if the Group may obtain at any moment a credible measurement of the asset or of the contract, it will recognise them at that moment at fair value recording the gain or loss in profit or loss or in other comprehensive income if the instrument is designated at fair value with changes in other comprehensive income.

vi) Reclassifications of financial instruments

The Group reclassifies financial assets when it modifies the business model for the management of that assets. The Group does not reclassify financial liabilities.

If the Group reclassifies a financial asset from the category of at amortised cost to at fair value with changes in profit or loss, it recognised the difference between the fair value and the carrying amount in the profit or loss. From that moment on, the Group does not record financial asset interest separately.

If the Group reclassifies a financial asset from the category of at fair value with changes in profit or loss to at amortised cost, the fair value at the date of the reclassification is considered to be the new gross carrying amount for the purpose of applying the effective interest rate approach and of recording credit losses.

If the Group reclassifies a financial asset from the category of at amortised cost to at fair value with changes in other comprehensive income, it recognises the difference between the fair value and the carrying amount in other comprehensive income. The effective interest rate and the expected credit loss record are not adjusted by the reclassification. However, the accumulated amount of the expected credit losses is registered against other comprehensive income and is itemised in the notes.

If the Group reclassifies a financial asset from the category of at fair value with changes in other comprehensive income to at amortised cost, it is reclassified at its fair value. The amount of the difference in equity is adjusted to the carrying amount of the asset. The effective interest rate and the expected credit loss record are not adjusted by the reclassification.

If the Group reclassifies a financial asset from the category of at fair value with changes in profit or loss to at fair value with changes in other comprehensive income, the effective interest rate and expected credit loss are determined at the date of the reclassification at the fair value of that moment.

If the Group reclassifies a financial asset from the category of at fair value with changes in other comprehensive income to at fair value with changes in profit or loss, the amount of the difference in equity is reclassified to profit or loss. From that moment on, the Group does not record financial asset interest separately.

vii) Financial guarantee contracts

The Group recognises financial guarantee contracts initially at the premium received. If the Group collects the premium in instalments in arm's length terms, the financial guarantee is recognised at zero net amount. Subsequently to the initial recognition, the financial guarantee contracts are measured at the amount of the expected credit loss or the amount initially recognised, depending on which of them is higher, less the accumulated amount of recognised income according to the indicated in the income from contracts with clients section.

If the financial guarantee is issued without compensation, its counterparty is recognised as cost in the profit and loss account.

However, if the financial guarantee arises from a transfer of financial assets which does not fulfil the requirements for derecognition from the balance sheet, it is recognised pursuant to section 2.11 (derecognition of financial assets).

viii) Impairment

The Group recognises in profit or loss a loss allowance due to expected credit loss of the financial assets measured at amortised cost, fair value with changes in other comprehensive income, finance lease accounts receivable, contract assets, lending commitments and financial guarantees.

For financial assets measured at fair value with changes in other comprehensive income the expected credit loss is recognised in other comprehensive income and does not reduce the fair value of the assets.

The Group measures on every balance sheet date the loss allowance by an amount equal to the expected credit loss in the following twelve months, for the financial assets for which the credit risk has not increased significantly since the date of the initial recognition or when it considers that the credit risk of a financial asset has not increased significantly.

The Group determines on every balance sheet date whether the credit risk of an instrument considered individually or of a group of instruments considered collectively has increased significantly since the initial recognition. For the purpose of collective evaluation the Group has grouped the instruments according to shared risk features.

In order to determine whether for an instrument or a group of instruments the credit risk has increased significantly the Group uses the change in the risk of a default during the expected lifetime of the instrument instead of changes in the amount of the expected credit losses. Therefore the Group evaluates the change in the risk of a default at every balance sheet date comparing it to the initial recognition. For this purpose the Group considers that a default occurs when there are justified doubts concerning recovery.

For the purpose of determining whether there is a significant increase in the credit risk the Group evaluates all the reasonable and justifiable prospective information, in particular:

- Internal and external credit risk ratings;

- Current or expected adverse changes in the business, financial or economic situation which may give rise to a significant change in the borrower's ability to fulfil their obligations;

- Current or expected significant changes in the borrower's operating income;

- Significant increase in the credit risk of other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

- Macroeconomic information such as interest rates, growth, unemployment rates, GDP of the region, real property market prices or rents.

- The Group considers that the credit risk has increased significantly since the initial recognition when its maturity period is extended.

If there has been a significant increase in the credit risk of an instrument or a group of instruments since the initial recognition, the expected credit loss covers the entire expected life of the instrument. For the financial assets acquired or originated with incurred losses the Group recognises at every balance sheet date only the positive or negative changes in the expectations of loss since the initial recognition as a loss or profit from impairment, regardless of whether the profit exceeds the initially estimated amount of the incurred credit loss.

For the financial assets renegotiated or modified and which have not implied derecognition of the original financial asset the Group evaluates the significant increase in credit risk comparing the risk of a default at the date of the balance sheet according to the new conditions with the risk of a default at the date of the initial recognition according to the original conditions. The Group considers that the credit loss of modified financial assets should not be estimated during the lifetime for the instrument only when there is evidence of the borrower's fulfilment of the modified obligations.

If the modified financial asset has implied derecognition of the previous financial asset and the recognition of a new one, the Group determines the expected credit loss at that moment. For this purpose the Group determines the expected credit loss in the subsequent twelve months, except for when the financial asset originated with incurred loss.

Notwithstanding the above, the Group recognises the expected credit loss during the life of the instruments for trade receivables or contract assets and finance lease receivables.

The Group determines the expected credit loss considering the unbiased and probability-weighted amount, effective interest rate or effective interest rate adjusted by the original credit risk and reasonable and justifiable information about past events, current conditions and forecasts of future economic conditions.

The maximum term considered by the Group to measure the expected credit loss is the contractual period, including novation options, during which the Group is exposed to credit risk. However, the Group determines credit losses during the period in which the Group is exposed to credit risk and the credit losses would not be mitigated by credit risk management actions, even if this period exceeds the maximum contractual period for the instruments that include a loan and an undrawn commitment and the ability to demand repayment and cancel the commitment would not limit the Group's credit risk to the contractual notice period.

Separate expected credit losses represent the difference between the contractual and the expected cash flows, in the amount as well as in the term.

Regarding financial guarantees, the Group considers the changes in the risk that the debtor will default on the contract. The Group determines credit losses as expected payments to be made to reimburse the holder for the loss it incurs less any amount that the Group expects to receive from the holder, the debtor or any third party. For this purpose the Group does not consider the amount of the premiums to collect when they are collected in instalments. If the asset is entirely guaranteed, the estimate of the credit loss would be consistent with the estimates of credit losses of the asset subject to the guarantee.

To the financial guarantees and loan commitments for which it is not possible to determine the interest rate in a reliable manner, the Group applies a market interest rate, adjusted by the risks not considered in discounted cash flows.

For loan commitments and financial guarantees the expected credit loss is recognised as a provision. If a financial instrument includes a loan and an undrawn commitment and the Group cannot identify separately the credit loss attributable to each component, the credit loss of the commitment is recognised together with the credit loss of the financial asset. If the credit loss exceeds the carrying amount of the financial asset, the surplus is recognised as a provision.

For finance lease receivables the Group determines the credit loss in a way that is consistent with the cash flows used to measure accounts receivable. For this purpose it uses the implicit interest rate of the contract.

The Group has determined the impairment of cash and cash equivalents due to expected credit losses during the next twelve months. The Group considers that cash and cash equivalents have a low credit risk according to the credit ratings of the financial entities where the deposits or cash are deposited.

For trade receivables the Group determines the expected credit loss during the life of the financial assets collectively, grouped by different collectives according to their maturity dates, allocating a percentage of default to each of them.

The percentage of default is calculated according to the probability of an account receivable to be moving through the subsequent stages of default until its definitive derecognition. The percentages are calculated separately for each collective. The percentages are based on the current experience of default in recent years and are adjusted by the differences between current and historical economic conditions and considering the forecast information that is reasonably available.

ix) Extinguishment of financial assets

The Group applies the financial assets derecognition criteria to a part of a financial asset or to a part of a group of similar financial assets or to a financial asset or to a group of similar financial assets.

Derecognition of financial assets is carried out when the rights to collect cash flows connected with those assets have expired or have been transferred and the Group has transferred substantially the risks and profits derived from their ownership.

Derecognition of a financial asset in it entirety implies a recognition of profit or loss for the difference between its carrying amount and the sum of the received compensation, less transaction costs, including the assets obtained or the liabilities assumed and any loss or gain recognised in other comprehensive income, except for the equity instruments designated at fair value with changes in other comprehensive income.

The Group reduces directly the accounting amount of a financial asset when it reasonably expects to recover it entirely or partly.

x) Interests and dividends

The Group recognises interests applying the effective interest rate method, which is an update rate that equalises the carrying amount of a financial asset with the expected cash flows during the expected life of the instrument on the basis of its contractual terms and without considering the expected credit loss, except for the financial assets acquired or originated with incurred losses.

The interests are recognised at gross carrying amount of the financial assets, except for the financial assets acquired or originated with incurred credit losses and financial assets with credit impairment. For the former, the Group recognises the interests according to the effective interest rate adjusted by the initial credit risk and for the latter, the Group recognises the interests at amortised cost.

The changes of estimates in cash flows are discounted at the effective interest rate or an interest rate adjusted by the original credit risk and are recognised in profit or loss.

The income on dividends from investments in equity instruments is recognised in profit or loss when right for the Group arise to collect the dividends, the collection of economic profit is probable and the amount can be reliably calculated.

The dividends from equity instruments classified at fair value with changes in other comprehensive income are recognised in profit or loss, except when they represent a return on investment, in which case they are recognised in other comprehensive income.

The Group recognises as financial income and expenses the late-payment interest in commercial transactions according to the legal and contractual conditions. If eventually the interest is compensated or cancelled, the Group recognises the transaction according to its substance. The Group recognises the legal right to the compensation of incurred collection management costs when its collection is probable. The Group recognises the management collection costs claim according to the rules of the provision accounting policy.

xi) Derecognition and modification of financial liabilities

The Group derecognises a financial liability or a part of it when the obligation specified in the contract is fulfilled or when the Group is legally exempted from the principal responsibility contained in the liability whether through a court proceeding or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications of the liabilities initially recognised are accounted for as an extinguishment of the original financial liability and recognition of a new financial liability, provided that the terms of the instruments are substantially different.

The Group considers that the terms are substantially different if the current value of the discounted cash flows under the new terms, including any commission paid less any commission received, and using for the discount the original effective interest rate, differs by at least 10 per cent from the discounted current value of the cash flows which still remain from the original financial liability.

If the exchange is recorded as an extinguishment of the original financial liability, the costs or commissions are recognised in profit or loss as a part of its result. Otherwise, the modified cash flows are discounted at the original effective interest rate and any difference from the previous carrying amount of the liability is recognised in profit or loss. Likewise, the costs or commissions adjust the carrying amount of the financial assets and they are amortised by the amortised cost method during the remaining life of the modified liability.

The Group recognises in profit or loss the difference between the carrying amount of a financial liability or a part of it that is extinguished or transferred to a third party and the compensation that was paid, including any transferred asset other than cash or assumed liability.

xii) Issuance and acquisition of equity instruments and financial instruments and recognition of dividends

The Group classifies issued, incurred or assumed financial instruments as financial liabilities in its entirety or in one of its parts, providing that, depending on the economic situation, it means for the Group a direct or indirect contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with third parties under conditions that are potentially unfavourable.

The Company recognises the increases and decreases of capital in net equity when the issuance and subscription has been carried out.

In the issuance of compound financial instruments with equity and liability components the Group measures the equity component at the residual amount obtained after subtracting from the fair value of the instrument as a whole the amount of the liability component, including any derivative financial instrument. The liability component is measured at fair value of a similar instrument which does not contain an equity component. However, if an issued instrument is puttable at any time at the investor's request or because of a contingency which cannot be controlled by the Group, the initial value of the financial liability is equal to its issue price. Derivative financial instruments are later measured at fair value through profit or loss. The liability component of the financial instrument is later measured at amortised cost. Transaction costs related to an issue of a compound financial instrument are allocated according to the carrying amount of each of the components at the time of classification.

In an issue of convertible bonds the Company recognises the conversion option as other equity instruments, providing that it is not classified as a derivative financial instrument. The financial liability component and transaction costs are recognised as stated above.

At the date of the conversion the Group cancels the liability component and proceeds to credit the capital account and, if applicable, the share premium account. Moreover, the original component of net equity is reclassified to the share premium account.

In case of agreement on bonds repayment, the Group cancels the liability and, at the difference against consideration paid, accounts for the result of the transaction in the financial margin of the consolidated income statement. Likewise, the original net equity component is reclassified to the reserves.

When the Group cancels a convertible bond before maturity, through early redemption or repurchase where conversion terms remain unchanged, the Company distributes the consideration paid and transaction costs related to the redemption or repurchase between the liability and equity components of the instrument at the date of the transaction, in a way which is congruent with the method used in the distribution carried out for the initial recognition of the instrument.

Once the allocation of the consideration paid between the two components is made, the resulting gain or loss related to the cancellation of liability is recognised in the consolidated profit or loss, and the amount corresponding to the equity component is recognised directly in a reserves account.

If the initial terms of the convertible instrument are amended in order to induce early conversion, the difference, at the date when the terms are amended, between the fair value of the consideration the investor is to receive on conversion of the instrument under the new terms and the fair value of the consideration that the investor would have received under the original terms is recognised as a financial profit or loss in the consolidated income statement.

Contracts for purchase and sale of non-financial assets

The Group signs forward contracts for the purchase/sale of energy according to its production requirements. The Group assesses at the moment of signing and also periodically if the contracts should be recognised as derivative financial instruments. For this purpose the Group carries out control and a separate register of those contracts which meet the conditions for not being classified as derivative financial instruments and those which must be considered as trading.

The Group recognises as obligations the contracts for purchase or sale of a non-financial account in line with the terms of the contract and if it is held for delivery or reception according to the usage, purchase or sale requirements.

The transaction costs of the contracts classified as obligations are recognised according to the general criteria applicable to the costs related to purchase and sale transactions.

However, the Group recognises as derivative financial instruments those contracts or groups of similar contracts for which the Group keeps applying a past practice of net cash settlement or those that are held by the Group for the purpose of obtaining profit from trading margin.

In the case of contracts for the purchase or sale of non-financial assets classified as trading and which are going to be settled with physical delivery at a fixed price, the Group applies the cash flow hedge policy.

The Group evaluates the existence of implicit derivatives in the contracts for purchase or sale of non-financial assets in foreign currency. Although the contract is not accounted for as a financial instrument, the implicit derivative is recognised according to the criteria indicated above.

The Group considers that the implicit derivative is closely connected with the main contract when it is not leveraged, does not include options and the payments are made in the functional currency of one of the main parties to the contract or the usual currency of commercial transactions for the underlying non-financial asset or the usual currency of contracts for the purchase or sale of the non-financial asset concluded in the economic environment in which the transaction takes place.

2.14 Derivatives and other financial instruments

Financial derivatives are recognised at fair value on the contract date, and are successively recalculated at fair value. The method for recognising the gain or loss depends on whether the derivative is classified as a hedging instrument, and if so, the nature of the asset hedged.

The Audax Renovables Group documents the relationship between the hedging instruments and the assets or liabilities hedged at the beginning of the transaction, as well as the purpose of the risk management and hedging strategy.

A hedge is considered to be highly effective when the changes in the fair value or the cash flows of the assets hedged are offset by the change in the fair value or cash flows of the hedging instrument.

Types of hedges:

a) Cash flow hedges:

For these derivatives, the effective part of changes in the fair value of the derivatives designated and qualifying as cash flow hedges is recognised in net equity. The gain or loss relating to the non-effective part is recognised immediately in the consolidated income statement. The amounts accumulated in net equity are released to the consolidated income statement in the year in which the hedged items affects profit or loss.

b) Fair value hedge:

The changes in the fair value of the derivatives that are designated and qualify as fair value hedges are posted in the consolidated income statement, together with any change in the fair value of the asset or liability hedged that is attributable to the risk hedged.

2.15 Share capital

Share capital is represented by ordinary shares.

The cost of the issue of new shares or options, net of tax, is subtracted from net equity.

The dividends from ordinary shares are recognised as less net equity when approved by the Parent Company's shareholders.

2.16 Provisions and contingent liabilities

The Directors of the Parent Company have established a difference in the consolidated annual accounts between:

a) Provisions: credit balances that cover current obligations related with past events. Its settlement is likely to originate an outflow of cash, however the amount and/or the moment of the settlement cannot be determined.

b) Contingent liabilities: possible obligations arising as a consequence of past events whose future materialization is subject to whether or not one or more than one of these events ends up taking place. These events are independent of the Groups' will.

Provisions are recognised when the Audax Renovables Group has a present legal or implicit obligation as a result of past events, which will likely lead to an outflow of funds in order to meet the obligation, and when the amount can be reliably estimated. No provisions are recognised for future operating losses.

Provisions are recorded when the unavoidable costs of meeting the liabilities in an onerous contract for valuable consideration exceed the profits expected to be obtained from them.

Provisions are stated at current value of the amount necessary to settle the liability at the balance sheet date, according to the best estimation available.

When it is expected that part of the disbursement necessary to settle the provision is refundable by a third party, the reimbursement is recognised as a separate asset, provided that its receipt is practically assured.

2.17 Corporate income tax

The corporate income tax accrued expenses include the expense for the deferred tax and the expense for the current tax understood as the amount payable (or refundable) relating to the tax profit (or loss) for the year.

The Group incorporates the uncertainty effect into the tax treatment when determining the tax profit, tax bases, unused tax losses, unused tax credits and tax rates.

The current tax is the amount that the Group pays as a consequence of the fiscal liquidations arising from Corporate Income Taxes for the year. Deductions and other fiscal advantages affecting the amount of taxes payable, excluding any account retention or payment, as well as fiscal losses that can be compensated from past years and that are effectively applicable during the current year, give rise to a lower amount of current taxes payable.

The deferred tax is recorded by comparing the temporary differences that arise between the taxable income from the assets and liabilities and the accounting profit on the consolidated annual accounts using the tax rates that are expected to be in force when the assets and liabilities are realised.

Liabilities arising from deferred taxes are recognized for all the temporary differences on tax bases, except for those derived from the initial recognition of goodwill or other assets and liabilities in an operation that does not affect neither the fiscal result nor the accounting result and that is not included in a business combination.

The deferred tax arising from charges or credits made directly in the net equity accounts are also recorded as charges or credits to net equity.

Additionally, any difference that might exist between the consolidated value of an acquired company and its fiscal base will also be considered at a consolidated level. In general these differences arise from the accumulated results generated after the acquisition date, from fiscal deductions associated with the investment and from the exchange difference, in the case where the acquired company uses a currency that is not the euro. Deferred tax assets and liabilities originated from these differences can be recognized except for, and in the case of taxable differences, those in which the investor has control over the moment of reverting the difference and in the case of the deductible differences, if it can be expected that such difference has consequences on the foreseeable future and if it is likely that the company has a tax profit of a sufficient amount.

The deferred tax assets are recognised to the extent that it is probable that there will be future tax profits with which to offset the temporary differences.

In every closure of the accounting cycle the assets registered as deferred taxes receivable are reconsidered and the needed corrections are done in the cases where doubts exist about their future payment.

When there is a change in tax rates, the amounts of the deferred tax in assets and liabilities are remeasured. These amounts are charged or allocated through consolidated profit and loss or through the "Other comprehensive income for the year" account of the Consolidated Statement of Comprehensive Income, depending on the account to which the original amount was charged or allocated.

Moreover, in every closure, the assets that have not been registered as deferred taxes in the balance sheet are evaluated and recognized if their future recoverability in the form of future tax profits is likely.

Measurement of deferred tax assets and liabilities

The deferred tax assets and liabilities are measured according to the tax rates that will be applicable in the years when the assets are expected to be realised and the liabilities are expected to be settled, on the basis of the regulations and types that are approved or are soon to be approved and after considering the tax implications of the form in which the Group expects to recover the assets or settle the liabilities. For this purpose, the Group has considered the deduction from the reversal of temporary measures, established in the 37th transitional provision of the Law 27/2014 of 27 November 2014 on Corporate Income Tax, as an adjustment to the tax rate applicable to the temporary deductible difference associated with the non-deductibility of the amortisations and depreciations recorded in the years 2013 and 2014 and updating the balance sheets under the Law 16/2012 of 27 December 2012.

The Group revises, at the date of the financial year end, the carrying value of the deferred tax assets in order to reduce that value when it is not probable that there will be sufficient taxable profit in the future to compensate them.

The deferred tax assets which do not meet the conditions specified above, are not recognised in the consolidated statement of financial position. The Group reassesses, at the year end, if the conditions are met in order to recognise the deferred tax assets which previously were not recognised.

Tax uncertainties

If the Group establishes that it is not probable that the tax authority will accept an uncertain tax treatment or a group of uncertain tax treatments, it takes such uncertainty into consideration for the establishment of the taxable income, tax bases, credits for tax losses carried forward, deductions or tax rates. The Group determines the effect of the uncertainty in the corporate income tax return applying the expected value method when the range of possible outcomes is very wide, or the most-likely amount method when the outcome is binary or is concentrated on a value. In those cases where the tax asset or tax liability calculated using these criteria exceeds the amount presented in the tax return self-assessments, it is presented as current or non-current in the consolidated statement of financial position according to the expected date of recover or settlement, recording in the income statement, when appropriate, the amount of the relevant late-payment interest over the liability as it accrues. The Group records the changes in facts and circumstances related to the uncertainties as a change in the accounting estimate.

The Group recognises and presents the sanctions in accordance with the accounting policy indicated for provisions.

Compensation and classification

The Group only compensates the current tax assets and liabilities if there is legal authorisation from the tax authorities and the Group intends to settle the resulting debt in its net amount or to realise the assets and settle the debt simultaneously.

The Group only compensates deferred tax assets and liabilities if there is legal authorisation from the tax authorities to compensate and the assets and liabilities belong to the same tax authority and to the same taxable person or to different taxable persons that intend to settle or realise the current tax assets and liabilities at their net amount or to realise the assets and settle the liabilities simultaneously, in every future fiscal year in which it is expected that significant amounts of deferred tax assets or liabilities will be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position as non-current assets or liabilities, regardless of the expected date of the realisation or settlement.

2.18 Recognition of income from energy retailing

Income from contracts with customers is recognised according to the fulfilment of the performance obligations towards the customers.

Ordinary income represent the transfer of goods or services to the customer for an amount which reflects the consideration that the Group expects to receive in exchange for that goods or services.

There are five steps for the recognition of income:

1. Identifying the contract or contracts with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price
4. Allocating the transaction price to different performance obligations.
5. Recognition of income according to the fulfilment of each obligation.

The expenses are recognised when they accrue, or immediately - in the case of outlays that are not going to generate future economic profit or when they do not meet the necessary requirements to be recognised in books as assets.

Sales are measured net of tax and discounts, and transactions between Group companies are excluded.

Income is recorded at the fair value of the consideration to be received and represents the amounts receivable for goods delivered and services rendered during the Audax Renovables Group's normal course of business, minus returns, price reductions, discounts and value added tax.

Electricity sales are recognised as income at the moment of delivery to the customer according to the quantities supplied during the period, before being invoiced. Therefore, sales figures include the estimated volume of supplied electricity, that has not yet been read on the customer's meter

The sales of goods are recognised when the products have been delivered to the customer, when the customer has accepted them, even if they have not been invoiced, or as the case may be, the services have been provided and the collection of the respective accounts receivable is reasonably assured. The sales for the year include the estimate of the energy supply that has not yet been invoiced.

Note 3 describes the basic features of the regulations in the electricity sector that are applicable.

The interest income is recognised using the effective interest rate method.

2.19 Cash flow statement

The consolidated cash flows statement has been prepared using the indirect method, and, using the following expressions with the meeting set out below:

a) Operating activities: activities that make up the ordinary group revenues, and other activities that cannot qualify as investment or financing.

b) Investment activities: investment, sale or disposal by other means of long-term assets and other investments not included under cash and cash equivalents.

c) Financing activities: activities that cause changes to the volume and composition of net equity and the liabilities that do not form part of the operating activities.

When it is possible to identify a tax flow in individual operations, such as, for example, Value Added Tax, which give rise to receipts and payments classified as investment and financing activities, these will be classified the same as the transaction to which it refers.

The cash flow statement does not list existing cash flows between restricted and non-restricted funds.

2.20 Profit or loss per share

Basic profit or loss per share is calculated using consolidated profit or loss for the year attributable to the Parent Company between the average number of ordinary shares in circulation during this period, excluding the average number of treasury shares held by the Group.
Diluted profit or loss per share is calculated using the consolidated profit or loss for the year attributable to the ordinary shareholders adjusted by the effect attributable to the potential ordinary shares having a dilution impact and the average number of ordinary shares in circulation during this period, adjusted by the average weighted number of ordinary shares that would be issued if all the potential ordinary shares were converted into ordinary shares of the Parent Company.

2.21 Cash and other cash equivalents

Cash and cash equivalents include cash in hand and bank deposits payable on demand in credit institutions. Also included within this concept are other short-term investments of high liquidity, if they are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Therefore the account includes investments with maturity of less than three months from the date of purchase.

Investments in investment funds are considered as cash and cash equivalents only if the underlying assets of the fund meet the criteria specified above.

For the purposes of the consolidated cash flow statement, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Bank overdrafts are recognised in the consolidated statement of financial position as financial liabilities from borrowings from credit institutions.

The Group classifies as financing the cash flows related to the interest collected and paid and the dividends collected and paid.

2.22 Significant accounting estimates and assumptions.

The preparation of consolidated financial statements in compliance with the IFRS-EU requires the application of important accounting estimates and the formulation of judgements, estimates and assumptions in the process of application of the accounting policies of the Group. Therefore, we set out below the aspects that imply a higher degree of judgement, complexity or where the assumptions and estimates are significant for the preparation of the consolidated annual accounts:

a) *Impairment of non-financial assets*

The Group verifies whether goodwill, the remaining intangible assets and property, plant and equipment have suffered a loss for impairment of assets in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of CGUs have been calculated on the basis of the calculations of fair value from discounted cash flows based on the Group's assumptions. These calculations require the use of judgements, which, amongst others, mainly include the discount rate, the production hours and sales prices of electricity (Note 5). In addition, the Group's activities are subject to existing regulation whose amendments may affect the valuation of the assets. Consequently, if the real data differs from the estimates and judgements used, the recoverable amounts resulting from the various CGUs may vary and, consequently, require a higher or lower impairment of assets. To be able to report how sensitive this calculation of impairment is, Note 5 sets out a sensitivity analysis for reasonably possible variations of key judgements which has been established by Group Management.

b) *Provisions*

In general, liabilities are recorded when it is probable that a liability or obligation will give rise to an indemnity or payment. The Audax Renovables Group makes an estimate of the amounts to be settled in the future, including additional amounts relating to corporate income tax, contractual obligations, the settlement of outstanding litigation, and other liabilities. These estimations are subject to the interpretation of current events and circumstances, projections of future events and estimates of their financial effects. Among the most significant provisions there are the toll costs and the costs of energy purchase that have not yet been invoiced.

c) *Corporate income tax expenses calculation and deferred income tax assets recoverability*

The calculation of the corporate income tax expense requires interpretations of tax legislation in the jurisdictions in which the Audax Renovables Group operates. The determination of expected outcomes of outstanding disputes and litigation requires the preparation of significant estimates and judgments.

The Audax Renovables Group evaluates the recoverability of the deferred tax assets based on estimates of future taxable income and the capacity to generate sufficient tax profits during the periods in which these deferred taxes are deductible.

d) *Income recognition*

Income from energy sales is recognized when the electricity is delivered to the customer on the basis of estimated energy production.

Historically, no material adjustments have been made to the amounts recorded as income for the estimate of the energy produced pending invoicing and no adjustments are expected in the future.

Energy supplied to the customers that has not yet been measured on the meters. As the usual date of meter readings does not coincide with the balance sheet date of the financial year, the Management of the Group makes an estimate for the sales that have not yet been invoiced (Note 3 and 10).

e) *Fair value of derivatives*

The fair value of the financial instruments that are traded on active markets is based on market price at the balance sheet date. The quoted market price used for the financial assets is the current bid price.

The fair value of the financial instruments that are not traded on active markets is determined using valuation methods. The fair value of interest rate swaps is calculated as the present value of the future estimated cash flows.

f) *Useful life of property, plant and equipment and intangible assets*

The accounting treatment of investments in property, plant and equipment and intangible assets includes estimates for determining their useful lives for depreciation and amortisation purposes, and for determining the fair value at the acquisition date, for assets acquired in business combinations.

The determination of useful life requires estimates of their degree of use, maintenance as well as expected technological evolution. The assumptions regarding the degree of use, technological framework and future development involve a significant degree of judgement, insofar as the timing and nature of future events are difficult to foresee.

The Audax Renovables Group estimates a useful life of its wind farms of 25 years, and of 35 years with regard to its solar power plants (depreciation period).

g) *Financial instruments*

The fair value of the financial instruments that are traded on active markets is based on market price at the balance sheet date. The quoted market price used for the financial assets is the current bid price.

The fair value of the financial instruments that are not traded on active markets is determined using valuation methods. The fair value of interest rate swaps is calculated as the present value of the future estimated cash flows.

h) *Impairment of receivables*

In compliance with the IFRS 9 standard, the Group applies a criterion of expected loss, calculated on the basis of expected losses for the next 12 months or for the whole life of the instrument, depending on significant increase in risk.

In this regard the Group has established a procedure by which receivables are not only impaired when they are no longer recoverable (incurred loss), but possible expected loss is considered based on the evolution of specific credit risk related to the client, sector and country. The Group has applied the simplified approach to the receivables and the general approach to the rest of the financial assets.

2.23 Actions causing an impact on the environment

The payments carried out in order to comply with the legal requirements connected with the natural environment protection are recorded on an annual basis as expenses or as investments, according to their nature. Amounts registered as an investment are depreciated according to their useful life.

No provision for liabilities and charges related to natural environment has been considered, given that there are no significant contingencies related to the environment protection.

2.24 Related party transactions

The Group carries out its transactions with related parties at arm's length. Additionally, the transfer prices are adequately justified so it is estimated that no significant risks exist, thus none of them is expected to generate any future obligation that needs to be considered.

2.25 Customer acquisition costs

The incremental costs incurred directly in acquiring new customer contracts, which correspond primarily to the commission paid for the acquisition of contracts for power supply signed with those customers, are recorded as Prepaid Expenses and are transferred to the profit and loss account under the heading of external services, linearly during the expected average life of the contract which ranges between 1 and 2 years.

The customer acquisition costs recognised as assets are amortised systematically in the Consolidated Profit and Loss Account under the heading of procurement during the expected average life of contracts with customers which ranges between 1 and 2 years.

2.26 Cash and other cash equivalents

Cash and cash equivalents include cash in hand and in financial institutions, deposits payable on demand in credit institutions and other short-term investments of high liquidity with original maturity not exceeding three months from the purchase date.

NOTE 3 – REGULATORY FRAMEWORK

We describe below the main features of the regulation to which the business of the Audax Renovables Group is subject in the main countries in which it operates.

a) Energy retailing

a.1) Electricity market

Spain

The energy sector regulations are mainly featured in Electricity Sector Law 24/2013, of 26 December, which, from said date onwards, repealed and replaced the previous Law 54/1997, of 27 November, which until then featured the basic regulations concerning this sector. The most significant aspects regulated by Law 24/2013 and its implementing rules, are as follows:

- The electricity production is conducted under the rules of free competition.
- Transmission, distribution, as well as economic and technical management of the system constitute regulated activities.
- The electricity supply is completely liberalised and each customer must sign an electricity supply agreement with a retailer. Since 1 July 2009, the customers who fulfil certain criteria may choose to enter into an agreement with a Supplier of Last Resort (SoLR) to which the Tariff of Last Resort (hereinafter: ToLR) applies. The Law 24/2013 replaced the term ToLR with the term “Voluntary Price for the Small Consumer” (PVPC), and the term SoLR with the term “Reference Retailer”, and the term ToLR was reserved for the reduced tariff applicable to vulnerable consumers or for the de-incentivising tariff applicable to the consumers who temporarily have no retailer. Under the Royal Decree-Law 17/2013 “CESUR” tenders are removed from their role as a fixing mechanism of energy price component for the last resort tariffs (currently PVPC).
- The access tolls are equal nationwide and are collected by the distributors who act as collecting agents of the electricity system.

Moreover, on 25 September 2010 Royal Decree 1202/2010, of 24 September, was promulgated, establishing the terms of revision of access tolls to the electricity transmission and distribution networks. Under this Royal Decree the revision of access tolls will be conducted annually, although the Ministry of Industry, Tourism and Commerce may revise them with quarterly regularity in some circumstances:

- Possible temporary differences due to imbalance in settlement of regulated activities in the electricity sector.
- Regulatory changes in the regulated costs.
- Exceptionally, when there are special circumstances affecting the regulated costs or the parameters used to calculate costs.

On 6 October 2018 the Royal Decree-Law 15/2018, of 5 October, on urgent measures for energy transition and consumer protection was published in the Official State Gazette BOE ("**RDL 15/2018**"). RDL 15/2018 introduces measures for consumer protection grouped in two chapters: (i) the first chapter is dedicated to vulnerable consumers and energy poverty prevention; and (ii) the second chapter which features measures tending to increase information, protection and rationalisation of contracting mechanisms with the aim of guaranteeing the protection of all electricity consumers.

Accordingly, the range of electricity price components is presented below:

- Connection fees: See detailed explanation in a previous paragraph of this section III.5.1.4.
- Cost of energy: Cost of commodity purchase.
- Capacity payments: Supply guarantee cost.
- System operator cost: The amount collected by Red Eléctrica de España in order to maintain the balance between production and demand.
- Marketing margin.
- Taxes: Municipal tax.
- Transmission and distribution losses: Adjustments by the System Operator for electricity transmission and distribution losses.

On 6 April 2019 the Royal Decree 244/2019 was published in the BOE, under which technical and economic administrative conditions of own use of electrical energy became regulated and the tax known as sun tax was repealed.

On the other hand, in 2019 the MIBEL market has been integrated at operational level into the XIBD (Cross-border Intraday European Project) and is currently in the process of joining other European energy platforms deriving from "Clean Energy Package" established by the EU.

Electricity tariff for 2020:

The year 2020 was marked by the impact of COVID-19 on the sector, with regard to the consumption as well as to the measures adopted to mitigate its effects, especially on the most vulnerable groups, and the measures aimed at bolstering - in an organised and quick method - the energy transition towards a system of 100% renewable electricity and at supporting the economic reactivation in line with the European Green Deal of 11 December 2019 which establishes the climate roadmap of the European Union for the next years.

In the firs group there is RDL Royal Decree-Law 26/2020, of 7 July, Royal Decree-Law 30/2020, of 29 September and Royal Decree-Law 37/2020, of 22 December, establishing extensions to the applicability of social tariffs and restrictions on cutting off power supply to households.

With regard to the measures aimed at supporting the businesses and bolstering economic reactivation, RDL 23/2020, of 23 June, approved measures related to energy matters and other issues and RDL 34/2020 establishing the transfer of the income from CO2 emissions to costs of the electricity sector.

As regards taxes, Law 11/2020, of 30 September, on the General State Budget for the year 2021, with amendments concerning retailing.

On the other hand, Order TEC/1258/2019, of 20 December 2019, establishes various regulated costs of the electricity system for the year 2020 and extends the connection fees established by Order TEC/1366/2018, of 22 December 2018, beyond 1 January 2020.

Italy

The reform of the Italian electricity system began in 1999, when Legislative Decree no. 79/1999 ("the Bersani Law") was promulgated with the aim of implementing the European directive 96/92/EC on internal electricity market. To this end, "Gestore dei Mercati Energetici S.p.A" (GME) was incorporated, a company controlled by "Gestore dei Servizi Energetici S.p.A." (GSE), whose duties involve the organisation and management of the electricity and natural gas market (law no. 99/2009).

On 1 April 2004 the IPEX (Italian Power Exchange) began operating and calculating for the Italian consumers a weighted single price, however remunerations for the producers are based on regional prices. The consolidated text of the Disciplina del Mercato Elettrico (Electricity Market Regulation) and the relevant appendices were updated by the ministerial decree of 21 September 2016 which establishes that:

- The distribution, measurement and sale of gas and electricity are subject to the current legal provisions and and to the regulation by the "Autorità di Regolazione per Energia Reti e Ambiente" (ARERA) (Law no. 481, 14/11/1995 with amendments).

- The transmission and stabilisation of energy flows constitute activities regulated by Terna Spa. (Legislative Decree of 20/04/2005, amended by LD of 15/12/2010).

The process of market liberalisation ended in July 2007, when each kind of client, domestic as well as non-domestic, could choose freely their own supplier. The new law of 4 August 2017, no. 124, "Legge annuale per il mercato e la concorrenza" establishes on 1 July 2019 the end of the protection of prices provided by ARERA. From that date on, the Authority will stop fixing and updating quarterly the economic conditions for the supply of electricity and natural gas for domestic clients and small enterprises, due to the disappearance of "Servizio di Maggior Tutela".

The Netherlands

The regulation of the electricity sector in the Netherlands is reflected basically in the Electricity Law of 1998 and the Law on Gas. The principal aspects regulated by the law are as follows:

- Rules of production, transport, retailing and supply of electricity and gas:

On 1 July 2018 the Law of 9 April 2018 entered into force amending the Electricity Law of 1998 and the Law on Gas (progress of energy transition). The aim of the law is to eliminate the existing obstacles to the energy transition so as to make the Electricity Law of 1998 and the Law on Gas feasible in future.

Since 1 July 2004 the energy market has been liberalised. The Dutch government has liberalised the energy market in order to promote the competition among the suppliers and grant liberty to the consumers to choose their own energy provider. The Dutch wholesale electricity is also a liberalised market where each client is free to choose their provider.

The supply of electricity or gas on the retail market (including consumers) with an electricity connection of up to 3x80A and a gas connection of a maximum capacity of 40m^3 (n) / hour is only permitted with an energy licence from the Authority for Consumers and Markets (ACM). No licence is necessary for wholesale delivery.

The energy licence holders are required to comply with certain rules, such as delivery obligation, reliable delivery, reasonable tariffs and terms, reporting obligation with ACM, supply model contract, complaint procedure and electricity label.

Poland

The Polish electricity market has undergone transformation in the last decades due to the political changes and the subsequent accession to the European Union in 2004, which particularly forced the energy sector to comply with the European regulations in this regard.

In order to adapt, the Polish government carried out a consolidation of the sector, first horizontal and then vertical, in order to make the Polish companies strong enough to confront the international competition in view of the changes that were necessary to attain compliance with the European regulations. The regulatory competences belong to the Ministry of Energy and the URE as the regulatory body of the energy sector.

The deregulation process of the Polish electricity sector began in 1997 (Polish Energy Act of 1997) by the separation of the activities of generation, transmission, distribution and retail and new business activities appearing in the sector, like energy trading.

Regarding the energy purchase and trading possibilities, the Polish regulated market (Polish Power Exchange - POLPX) is operated by Towarowa Gielda Energii SA – TGE, established in 1999 and followed by the launch, six months later, of the Day-Ahead Market.

On the other hand, this year Poland has become integrated at operational level into the XIBD (Cross-border Intraday European Project) and is currently in the process of joining other European energy platforms deriving from "Clean Energy Package" established by the EU.

Germany

The liberalisation of the German electricity market began in 1998, in accordance with the First Energy Package, Energiewirtschaftsgesetz (EnWG), which provided for the opening of the electricity market and the access of competition to the electricity sector in one single step.

The main feature of the implementation was the obligation to dismantle the vertically integrated enterprises, forcing the separation of distribution and transmission from the rest of the activities.

Additionally, the so-called "demarcation agreements", which limited the right of supply by areas to each retailer, were no longer permitted by law.

The second milestone of the liberalisation, introduced by the Second Energy Package, was applied through an amendment to the EnWG in 2005, its main features being as follows:

- The introduction of third parties on the basis of approved public tariffs, applicable to all customers and applied objectively and without discrimination among the users of the supply system.

- The establishment of the Federal Network Agency, Bundesnetzagentur (BNetzA), as the regulatory body under the supervision of the government.

- Legal and accounting separation between the operators of the transmission grid (TSO) and the operators of the distribution grid (DSO).

As a consequence of the liberalisation, the market experienced substantial changes which brought about many mergers, acquisitions and other unions in order to maintain competitiveness.

The number of retailers rose considerably, together with an increase of trading volumes.
On the other hand, the German market is the manager, at the European level, on the XBID (Cross-border Intraday European Project).

Hungary

In Hungary the electricity market is regulated by the government and the regulatory agency (HEA). The competence in energy policy belong to the Ministry of Innovation and Technology, which is responsible for the energy strategy and development of the policies related to renewable energy, efficiency and decarbonisation of the electricity sector.

The liberalisation of the sector began in 2004 with the large clients and from 1 July 2007 all gas and electricity consumers have free choice of supplier, in line with the requests established by the European directives. As part of the process, in the same year the Hungarian Act on Electricity (Act No. 86 of 2007) was approved.

The electricity system is composed of the system operator (MAVIR) and six distribution companies operating in Hungary.

With regard to the purchase of energy and trading possibilities, the Hungarian regulated market (Hungarian Power Exchange - HUPX) began operating in 2010.

The current power generation mix is predominantly nuclear 48%, followed by gas 23%, 14% coal and 15% renewable energy, the growth of the latter being especially encouraged. It should be noted that 61% of the energy demand in Hungary is covered through import. It is crucial for the government to reduce that percentage, and this aim is highlighted in the National Strategy Plan.

a.2) Natural gas market

Spanish legislative framework

In Spain, through the Law 34/1998 of the Hydrocarbons Sector (Hydrocarbons Law or LHC), which was a transposition of the Directive 98/30/EC, the basis for liberalisation of the natural gas sector were established. Moreover, the National Energy Commission (CNE) was created and the control over the strategic reserves was handed over to CORES (Strategic Reserves Corporation).

The Royal Decree-Law 6/2000, of 23 June 2000, on urgent measures for the intensification of competition on the commodities and securities markets, apart from appointing Enagás S.A. as the Technical System Manager (GTS), introduced several important reforms of the natural gas system. Among others, there was the launch of the regulated income and cost settlement system supervised by the National Energy Commission (CNE), and setting a limit date (1 of January 2003) to complete the implementation of the right to choose the retailer.

The adoption of the Royal Decree 949/2001 was another important milestone of the development of the natural gas market in Spain. This royal decree established the economic arrangement of the regulated activities through a system of regulated fees, levies and tariffs for the access to the networks and the use of the infrastructures (gas pipelines for transmission and distribution, regasification plants and underground storage facilities).

Due to all this regulatory reforms, at the end of 2001, 38% of total consumption was being retailed on the free market, through 9 retailers.

In 2003 total liberalisation of the market was implemented. The consumers may freely choose among several retailers and negotiate the economic terms of the supply.

In this context, at the end of 2004, 80% of the consumed natural gas was traded already on the free market, with 11 active retailers offering their services there.

Later on, in 2005, the Standards of Technical System Management (NGTS), a set of detailed procedures and standards relating to the operation of the natural gas system and the conduct of the agents participating in the system and the users of the infrastructures.

In 2007, the Law 12/2007 was approved, transposing the second Gas Directive (Directive 2003/55/CE), eliminating the obligation of supply at consumers' tariff and obliging Enagás to separate its branches of transmission and of technical management of the system into two different companies.

On 1 July 2008 the Regulated Market ceased to exist and regulated tariffs disappeared. The tariff of last resort was created for low pressure supplies. In 2009 the tariff of last resort for low pressure customers with annual consumption of over 50,000 KWh also disappeared.

In April 2010, the Spanish energy regulator, CNE, published a document with a roadmap for the development of an organised market of natural gas. Between 2012 and 2014, several European network codes were approved, making a significant impact on the design and operation of the electricity and natural gas markets, giving a final impulse to the development of the wholesale markets of natural gas in the countries where, as in Spain, the regulation had not advanced sufficiently in order to create a liquid and competitive wholesale gas market. Among them there are the network codes establishing the mechanisms of congestion management, capacity allocation, gas balance in transport networks and interoperability and data exchange rules.

In this context, from 2015 on, several regulations of different kinds have been published, defining the current regulatory framework of the wholesale gas market and aiming to secure its liquidity:

a. The Law 8/2015 of 21 May 2015 updated the Law 34/1998 (Hydrocarbons Law) and established the institution of the Organised Gas Market and designated MIBGAS, S.A. as the market operator.

b. The Circular 2/2015 of the CNMC defined a new balance mechanism in the gas transmission network in line with the European network code.

c. The Royal Decree 984/2015 implemented the detailed regulation of the Organised Gas Market and updated the legislative framework of the system of third-party access to the natural gas facilities.

d. The Resolution of 23 December 2015 of the Secretary of State for Energy, which implements the procedure of purchase of self-supply gas by Enagás GTS, increasing significantly the MIBGAS's liquidity.

e. The Order ETU/1977/2016 of 23 December, which established the gas fees and levies, empowered MIBGAS, S.A. to trade term product with physical delivery.

f. The Resolution of 11 December 2017 of the Secretary of State for Energy, which established the terms for the mandatory market maker service provision by the dominant operators of the natural gas market.

Currently (only 3 years after its launch) MIBGAS has more than 100 participating agents and its liquidity has increased exponentially, trading, at some points, even up to 15% of the national demand.

European legislative framework

The promulgation of the Directive 98/30/EC was the starting point of a great part of the current legislation in the natural gas sector. This regulation established a range of common rules for all the member states of the European Union with the primary objective of laying the groundwork for an orderly liberalisation of the natural gas sector, based on the principle of separation of activities, free and non-discriminatory access to the gas infrastructure by all the operators and the definition of regulated fees and tariffs system.

In 2003, with the promulgation of the Directive 2003/55/CE, known as the Second Gas Directive, progress was made in actual liberalisation and the opening the national gas markets to competition, thus contributing to further development of the true internal natural gas market of the European Union. In practice, this Directive provided that as of 1 July 2004 the industrial customer (and, as of 1 July 2007, the individual consumers) would be able to freely choose the natural gas supplier. Moreover, the Directive introduced rules whose aim was to reinforce free access to the networks and other infrastructures (for example liquefied natural gas), safety of deliveries, and consumer protection. Furthermore, the Directive recognises delivery of gas as service of general interest, therefore it takes into account the possibility of member states imposing the obligation of public service on the companies in order to ensure supply security, the social and economic cohesion objectives, the regularity, quality and price of deliveries and the natural environment protection.

In 2009, the Directive 2009/73/CE was approved and was the ultimate catalyst for the creation of the internal energy market through the following principles: (a) effective separation of the production and delivery activities from the management of the transmission networks, (b) expansion of competencies and independence of the national regulators, who should cooperate as part of a regulators' cooperation agency (ACER), with the right to make binding decisions and impose sanctions, (c) creation of a supranational management transmission networks (ENTSO-G) and (d) improvement of the functioning of the gas market and, in particular, increased transparency and effectively free access to the warehousing facilities and to the LNG terminals.

b) Renewable energy generation

Spain

The renewable energy generation industry is a regulated sector that due to the fundamental changes it has been suffering over the last periods, has motivated the need of a new regulatory framework.

On 13 July 2013 the RDL 9/2013 was published repealing the RD-661/2007 decree, in force until that date. This Royal Decree establishes the principles of a new remuneration system for renewable energy generation facilities. Under this new regulatory framework, the income from the special system plants will comprise:

- The income derived from sale of electricity on the market.

- The income derived from the special remunerative system, when applicable. The special remunerative system will comprise the sum of two elements periodically revised: the remuneration for the investment and the remuneration for the operation.

In accordance with the stated criterion, the specific remuneration is composed, according to each technology, by:

- A factor per unit of installed power (investment remuneration) which covers the investment costs of a standard plant that cannot be recovered from the sale of energy in the market, and

- A factor in the operation (operative remuneration) which covers the negative difference between the operative costs and the income from the market share.

The remuneration is calculated over a standard plant throughout its regulatory useful life, taking into account:

- The standard income for the sale of the generated energy, valued at the production market price (estimated),

- The standard operative costs and

- The standard value of the initial investment

The first additional provision of the RDL 9/2013 sets the fair profitability of those facilities that have the right to an economic premium system at the date of enforcement of the RDL 9/2013; as the average profitability in the secondary market of the previous ten years to the entry into force of the RDL 9/2013 of the 10- year Government Bonds, increased in 300 basic points (equivalent to the 7.398% for the first regulatory period).

On the other hand, it is important to note that the law states the priority access criterion and distribution for the electricity of renewable energy sources and of cogeneration of high efficiency, in accordance with that established in the Community directives.

Later, in December 2013, the Law 24/2013 on the Electric Sector was enacted to replace the existing Law 54/1997, of 27 November and to cover the regulations of the RDL 9/2013 and which, among others, includes the revision criteria of the remunerative parameters:

- Every 6 years all the parameters may be revised (fair profitability rate, legally fixed).

- Every 3 years the estimations of the income for sale of the generated energy, valued at the production market price.

- Every year, the values of the operative remuneration for the technologies whose operating expenses depend essentially on the fuel price.

- Under no circumstances, once the regulatory useful life or the standard value of the initial investment are recognised, will these values be able to be revised.

- Determines the beginning and the end of the first regulatory term: from the RDL 9/2013 entry into force (14 July 2013) until 31 December 2019 (6 years), with the first half-term ending 31 December 2016 (within 3 years).

In June 2014, the Real Decree 413/2014, of 6 June, was enacted, which regulates the activity of electricity production from renewable sources of energy, cogeneration and waste, and the Ministerial Order IET 1045/2014 which establishes new remunerative parameters of the type plants, applicable to certain plants of energy generation from renewable sources, cogeneration and waste materials.

The Royal Decree 413/2014 and the Ministerial Order IET 1045/2014 specify the amounts in euro for aforementioned remunerations for each type of technology and installation used to generate energy from renewable sources.

On 22 February 2017 the Order ETU/130/2017 of 17 February 2017 was published, updating the remuneration parameters for the aforementioned plants for the second half-term (from 1 January 2017 to 31 December 2019) in which were also established possible amounts of the operative remuneration which will be applied in the first half year of 2017, thus implementing the provisions of article 20 of the Royal Decree 13/2014, of 6 June, and article 3 of the Order IET/1345/2015, of 2 July.

In the Royal Decree-Law 17/2019, of 22 November 2019, urgent measures are adopted for the necessary adaptation of remunerative parameters which affect the electricity system and a response is provided to the process of closure of thermal power stations. Coinciding with the beginning of the next regulatory period (2020- 2025), and in order to provide stability to the remunerative framework of the facilities entitled to privileged remuneration before the Royal Decree-Law 9/2013 of 12 July 2013 entered into force, they are allowed to opt to maintain for a period of 12 years the profitability rate fixed for the first regulatory period. In order to choose this measure, the facilities have to renounce the continuance or beginning of new arbitrations as well as renounce any possible indemnity or compensation. This measure will guarantee economic security of the facility, allowing it to attain a reasonable profitability of 7.398 % within the period 2020-2031, above the 7.09 % established during the period 2020- 2025 and avoiding the uncertainty of the period 2026-2031.

On 30 January 2020, the resolution of 14 January 2020 of the National Commission on Markets and Competition was published in the BOE, establishing the amount of the remuneration of the electricity system operator for the year 2020 and the prices for the agents to provide financing for the remuneration. This resolution, among other issues, indicates the price corresponding to the variable amount which shall be paid by the demand and the generation by hourly programmes for 2020 which amounts to €0.13741/MEh (instead of €0.5/MWh as before the entry into force of the resolution).

On 28 February 2020 Order TED/171/2020, of 24 February, was published in the BOE, updating the remunerative parameters of the type plants, applicable to certain plants of electricity production from renewable energy sources, cogeneration and waste materials, to be applied in the regulatory period beginning on 1 January 2020. Moreover, the approval of the estimated market price for each year of the third regulatory half-term was published.

On 24 June 2020 Royal Decree-Law 23/2020 of 23 June was published, approving measures for the energy sector and other businesses for the purpose of economic reactivation as a consequence of the international COVID-19 pandemic declared by the World Health Organisation.
The first group refers to various measures for boosting an orderly development of energy production from renewable sources, including the regulation of access and connection, so as to manage a very high number of grid connection requests from renewable energy power plants, which absorb the capacity of the transmission network, with all the inherent risks of such situation. Specifically, it has become a scarce resource, which restricts and determines the development of the modern renewable generation.

Royal Decree 960/2020 of 3 November, which regulates the economic system of new power generation plants by competitive tendering.

Additionally, it should be recalled that within the existing regulations in this sector there is the Law 15/2012, of 27 December, of fiscal measures for the energetic sustainability. Under the current law it is stipulated, among others, a new tax, the Tax on the Value of Production of electrical energy, which levies a tax on the production activities and incorporations to the electrical energy system of a 7% rate.

In connection with the Law 15/2012, on 6 October 2018 the Royal Decree-Law 15/2018, of 5 October, was published in the BOE, introducing urgent measures for energy transition and consumer protection. The RDL features provisions which adopt a series of measures connected with tax regulations with the main purpose to moderate the price evolution on the wholesale electricity market. To this end, the Tax on the value of electricity generation (IVPEE - a 7% tax) was temporarily suspended for six months, coinciding with the months of the largest demand and the highest prices on the wholesale electricity markets, in agreement with the ultimate aim of the current norm.

France

In France the electricity facilities must hold authorisations for operations under the following legislation:

- Law nº 2000-108/10 February 2000, on the modernisation and development of the electricity utilities.
- Decree nº 2000-877/7 September of that year on the authorisation for operating electricity facilities.

Once the authorisation is obtained, the electricity producers will be subject to the remunerative system as per Decree of 10 July 2006.

The remuneration of land wind-based electricity production is set for the first 10 years, indexed to inflation on 1 November of each year. In 2020, he tariff applied to the company in the Audax Renovables Group in France was of 9.536 cents euro per KWh until 1 November, and from that date, of 9.427 cents euro per KWh.

On 30 December 2017 a new law was passed concerning finances for the year 2018 and subsequent years in which, among others, provisions were made for the change in corporate income tax rates. Article 84 of this law, passed as “LOI n° 2017- 1837 du 30 décembre 2017 de finances pour 2018”, features changes in tax rates which will be applicable to the aforementioned French company. The current tax rate of 33% will undergo the following changes in the coming years:

PME communautaires **B ≤ €75,000 : 28%** **B > €75,000 : 33 1/3%** **Autres** **33 1/3%**	B ≤ €500,000 : 28% B > €500,000 : 33 1/3%	B ≤ €500,000 : 28% B > €500,000 : 31%	28%	26.5%	25%

PME communautaires refers to companies where the annual turnover of the majority shareholder does not exceed €50M
B: Profit before tax

Poland

In Poland, the renewable energy sources are regulated by the Energy Law of 10 April 1997 (“Energy Law”) supplemented with the transitory provisions of 20 February 2015 (“2015 RES Law”) along with the amendments published in December 2015 and January 2016.
Under this regulation the producers of renewable energy are entitled to the following incentives:

- market price for sale of energy on regulated market (average price for the last quarter)

- price for traded certificates of origin (Green Certificates) during 15 years following the date of the first verification of energy production

This system of incentives works based on the price of certificates of origin limited to "substitution fee" which is currently 300.03 PLN/MWh. The price of certificates of origin (Green Certificates in the case of Postolin) on the TGE market, as of closing day for the current year, amounts to 141.63 PLN/MWh.

Under the "2015 RES Law" approved in February 2015, this system of incentives is still applicable to generators that began operations before 1 July 2016; whereas the producers registered afterwards will benefit from the new auction system. The plants put into operation before 1 July 2016 can opt to join the new auction system while simultaneously relinquishing the system of incentives.

The main features of the new auction system are as follows:

- There are annual energy auctions, separate for different sources of energy, with a prequalification phase in order to participate in the auction.

- For every annual auction, the required amount and maximal reference price will be published by the Ministry before every auction.

- The only criterion for winning the auction is the price: the lowest bidders are accepted until completing the required amount of energy of the auction.

- The winners will sign contracts for 15 years for the offered price. The price will be indexed annually.

The regulations established in the "2015 RES Law" were amended by the law of 22 June 2016 to promote the auctions and the renewable energy plants with a stable generation profile. This amendment stipulated that the right to benefit from the system of incentives and to sell all the produced energy on the average market price of the last quarter of 2017 (amounting to 162.50 PLN/MWh), would be valid only until 1 January 2018. From that date onwards, the final suppliers would be able to renegotiate or even terminate the contracts with the producers.

Lastly, it should be noted that the regulatory framework related to the real property tax payable to the municipality was also changed by the amendment of 20 May 2016, affecting particularly, among others, the investments in wind farms in Poland. Under this new regulation, the real property tax of 2% affected the investment in the construction of a wind farm in its entirety. The regulation was changed on 29 June 2018 with the promulgation of an amendment to the Construction Law of 7 July 1994 and to the Law of 20 May 2016 on investments in wind farms (which, in turn, amends the Law of 20 February 2015 on renewable energy sources), re-establishing from 1 January 2018 the real property tax of 2% only on the investment in the construction of the elements recognised as direct costs, such as foundations and substation.

NOTE 4 – SEGMENT REPORTING

The main format of segment reporting is by geographical segments.

The main geographical segments of the Audax Renovables Group are the following:

- Spain and Portugal
- Rest of World: namely Italy, Poland, Germany, the Netherlands, France, Panama and Hungary.

Profit and loss by segment as defined above for the years ended on 31 December 2020 and 2019 is as follows:

31 December 2020	Spain and Portugal	Rest of World (1)	Total
Ordinary income	645,827	321,611	**967,438**
Procurement	(570,671)	(283,745)	**(854,416)**
Other operating income	1,536	326	**1,862**
Operating expenses and remunerations	(39,415)	(25,376)	**(64,791)**
Amortisation and depreciation	(8,444)	(11,210)	**(19,654)**
Impairment and profit (loss) on disposal of fixed assets	(4)	11	**7**
Negative consolidation differences	-	16,341	**16,341**
Operating profit (loss)	28,829	17,958	**46,787**
Financial profit (loss)	(8,255)	(4,431)	**(12,686)**
Participation in the profit (loss) of associates	-	(52)	**(52)**
Income before tax	20,574	13,475	**34,049**
Corporate income tax	(4,076)	197	**(3,879)**
Consolidated profit (loss) for the year	16,498	13,672	**30,170**
a) Profit (loss) attributable to the parent company			**26,385**
b) Profit (loss) attributable to non-controlling interests			**3,785**

Rest of World (1) includes Italy, Poland, Germany, the Netherlands, France, Panama and Hungary

31 December 2019	Spain and Portugal	Rest of World (1)	Total
Ordinary income	784,642	256,327	**1,040,969**
Procurement	(694,829)	(222,389)	**(917,218)**
Other operating income	1,998	822	**2,820**
Operating expenses and remunerations	(41,079)	(17,189)	**(58,268)**
Amortisation and depreciation	(15,105)	(11,123)	**(26,228)**
Impairment and profit (loss) on disposal of fixed assets	4,891	56	**4,947**
Operating profit (loss)	40,518	6,504	**47,022**
Financial profit (loss)	(8,803)	(5,101)	**(13,904)**
Participation in the profit (loss) of associates	-	(87)	**(87)**
Income before tax	31,715	1,316	**33,031**
Corporate income tax	(2,211)	518	**(1,693)**
Consolidated profit (loss) for the year	29,504	1,834	**31,338**
a) Profit (loss) attributable to the parent company			**25,417**
b) Profit (loss) attributable to non-controlling interests			**5,921**

Rest of World (1) includes Italy, Poland, Germany, the Netherlands, France and Panama

The breakdown of ordinary income by country is the following:

	31.12.2020	31.12.2019
Spain	565,696	711,668
Portugal	80,131	72,974
the Netherlands	131,130	150,385
Italy	41,291	59,136
Poland	20,314	25,689
Germany	21,122	18,355
France	2,842	2,762
Hungary	104,912	-
Total ordinary income	**967,438**	**1,040,969**

NOTE 5 – INTANGIBLE ASSETS

The movements for the years ended on 31 December 2020 and 2019 in the accounts under intangible assets have been as follows:

	Goodwill	Other intangible assets	Total intangible assets
Net book value at 31.12.2018	**138,564**	**111,510**	**250,074**
Investment	-	15,446	15,446
Additions to scope (Note 2)	15	23,121	23,136
Amortisation charge	-	(17,305)	(17,305)
Derecognitions	(634)	(26,572)	(27,206)
Other movements	-	79	79
Translation differences	-	1	1
Net book value at 31.12.2019	**137,945**	**106,280**	**244,225**
Cost	137,945	142,841	280,786
Accumulated amortisation	-	(36,561)	(36,561)
Net book value at 31.12.2019	**137,945**	**106,280**	**244,225**
Investment	-	2,562	2,562
Additions to scope (Note 2)	-	66,817	66,817
Amortisation charge	-	(15,580)	(15,580)
Derecognitions (Note2)	-	(540)	(540)
Other movements	(3)	-	(3)
Translation differences	-	(52)	(52)
Net book value at 31.12.2020	**137,942**	**159,487**	**297,429**
Cost	137,942	211,628	349,570
Accumulated amortisation	-	(52,141)	(52,141)
Net book value at 31.12.2020	**137,942**	**159,487**	**297,429**

The breakdown of the movements of intangible assets itemised by different classes is as follows:

	31.12.2019									31.12.2020		
	Gross value	Accumulated amortisation	Net book value	Investment	Additions to the scope	Amortisation charge	Derecognitions	Other movements	Translation differences	31.12.2020	Gross value	Accumulated amortisation	Net book value
Rights, licences and similar	28,026	(840)	27,186	-	63,517	(298)	(235)	-	(20)	90,150	91,288	(910)	90,378
Industrial property, patents, trademarks and similar	2,197	(815)	1,382	360	-	(225)	-	-	-	1,517	2,557	(1,040)	1,517
Trademarks of indefinite useful life	21,266	-	21,266	-	-	-	-	-	-	21,266	21,266	-	21,266
Right of use (IFRS 16)	10,635	(1,082)	9,553	932	-	(1,257)	-	-	-	9,228	11,567	(2,339)	9,228
Computer software	14,206	(7,466)	6,740	1,270	1,531	(3,470)	32	-	(32)	6,071	16,727	(10,884)	5,843
Client portfolio	66,132	(26,358)	39,774	-	1,769	(10,330)	-	-	-	31,213	67,901	(36,688)	31,213
Advance and other intangible assets	379	-	379	-	-	-	(337)	-	-	42	42	-	42
TOTAL	**142,841**	**36,561**	**106,280**	**2,562**	**66,817**	**15,580**	**540**	**-**	**(52)**	**159,487**	**211,348**	**51,861**	**159,487**

	1.01.2019									31.12.2019		
	Gross value	Accumulated amortisation	Net book value	Investment	Additions to the scope	Amortisation charge	Derecognitions	Other movements	Translation differences	31.12.2019	Gross value	Accumulated amortisation	Net book value
Rights, licences and similar	33,753	4,967	28,786	-	23,121	(1,741)	(22,980)	-	-	27,186	28,026	(840)	27,186
Industrial property, patents, trademarks and similar	2,244	625	1,619	-	-	(190)	(47)	-	-	1,382	2,197	(815)	1,382
Trademarks of indefinite useful life	21,266	-	21,266	-	-	-	-	-	-	21,266	21,266	-	21,266
Right of use (IFRS 16)	-	-	-	14,200	-	(1,278)	(3,369)	-	-	9,553	10,635	(1,082)	9,553
Computer software	12,712	4,771	7,941	1,246	-	(2,695)	(176)	423	1	6,740	14,206	(7,466)	6,740
Client portfolio	66,132	14,957	51,175	-	-	(11,401)	-	-	-	39,774	66,132	(26,358)	39,774
Advance and other intangible assets	738	15	723	-	-	-	-	(344)	-	379	379	-	379
TOTAL	**136,845**	**(25,335)**	**111,510**	**15,446**	**23,121**	**(17,305)**	**(26,572)**	**79**	**1**	**106,280**	**142,841**	**(36,561)**	**106,280**

Additions to scope relate principally to the purchase of companies engaged in solar projects development (Note 2.5.b).

Divestments in 2019 relate to the assets of the companies Parc Eòlic Mudefer, S.L.U, Parque Eólico Hinojal and Gestora Fotovoltaica de Castellón, S.L. as a consequence of the transactions of sale of those companies (Note 2.5.b).

As at 31 December 2020 the intangible assets still in use and completely amortised amount to EUR 4,907 thousand (EUR 1,081 thousand at 31 December 2019).

Goodwill

The breakdown of goodwill by country is as follows:

	31.12.2020	31.12.2019
France	860	860
Spain	40,088	40,087
the Netherlands	94,391	94,391
Poland	2,599	2,599
Others	4	8
TOTAL	**137,942**	**137,945**

Other intangible assets.

The breakdown of intangible assets by country is as follows:

	31.12.2020	31.12.2019
Spain	123,151	65,547
France	2,589	2,956
Italy	2,576	3,086
Germany	139	166
Poland	2,168	2,169
the Netherlands	24,958	32,336
Portugal	-	20
Hungary	3,906	-
TOTAL	**159,487**	**106,280**

The breakdown of goodwill and intangible assets of indefinite useful life as at 31 December 2030 and 31 December 2019 classified by country is the following:

	31.12.2020			31.12.2019		
EUR thousands	**Goodwill**	**Other intangible assets**	**Total**	**Goodwill**	**Other intangible assets**	**Total**
Spain	40,088	20,816	60,904	40,087	20,816	60,903
France	860	-	860	860	-	860
the Netherlands	94,391	-	94,391	94,391	-	94,391
Poland	2,599	-	2,599	2,599	-	2,599
Italy	-	450	450	-	450	450
Others	4	-	4	8	-	8
TOTAL	**137,942**	**21,266**	**159,208**	**137,945**	**21,266**	**159,211**

Other intangible assets of useful life relate to acquired trademarks.

Impairment test of assets and profit or loss from disposal of fixed assets:

The Audax Renovables Group has conducted impairment tests using cash flow projections in order to determine recoverable amount. The impairment tests were made on 31 December 2020 and 2019. As a result of these tests it was not necessary to record impairment or reversal of the provision in the year 2020 or in the year 2019.

In order to carry out the impairment tests, the goodwill has been allocated to the cash-generating unit (CGU) of the Group according to the kind of business or country of the transaction, that represents the lowest level to which the goodwill is allocated and is subject to internal control by the management of the Group.

The recoverable amount of a CGU is determined on the basis of calculation of the value in use. The calculation uses cash flow projections based on financial estimates for a minimum period of five years. Cash flows beyond the period of five years are extrapolated using estimate growth rate indicated below.

The key assumptions used to calculate fair value, applied to the impairment test, are as follows:

a) Discount rate. Discount rates have been calculated using the weighted average cost of capital ("WACC"), on the basis of the following variables:

- The temporal value of the money or risk-free rate of each country corresponding to the profitability of 30-year Government bonds.

- The estimated risk premium considering the estimated betas of comparable companies of the sector and a market risk premium, which are after-tax observable variables.

The breakdown of the weighted average cost of capital after tax (WACC) resulting from the main geographical segments is as follows:

Year 2020

	2020						
	Spain	France	Poland	Italy	the Netherlands	Hungary	Germany
Risk-free discount rate	2.17%	1.82%	2.22%	3.62%	1.52%	3.02%	1.52%
Risk premium *	5.15%	4.63%	5.27%	5.63%	5.61%	5.93%	5.38%
Capital cost	7.32%	6.45%	7.49%	9.25%	7.13%	8.95%	6.90%
Cost of debt	2.17%	1.87%	2.22%	3.62%	1.84%	3.02%	2.81%
After-tax weighted average cost of capital**	5.02%	4.54%	5.19%	6.46%	4.66%	6.29%	4.56%

Year 2019

	2019					
	Spain	France	Poland	Italy	the Netherlands	Germany
Risk-free discount rate	1.32%	0.75%	2.82%	2.06%	0.24%	0.26%
Risk premium *	6.77%	6.56%	6.16%	7.16%	6.77%	6.65%
Capital cost	8.09%	7.31%	8.98%	9.21%	7.01%	6.90%
Cost of debt	3.00%	2.67%	3.24%	3.04%	3.00%	2.81%
After-tax weighted average cost of capital**	5.80%	5.22%	6.39%	6.43%	5.20%	5.06%

* The estimated risk premium is the result of multiplying the estimated beta (sector companies average) by the market risk premium.

** Because the sources of information consulted to obtain the parameters used for the calculation of the discount rate do not offer data before taxes, the Group uses discount rates after taxes. Consequently, and to maintain the coherency of the discount rate with the methodology of calculation of the planned flows, the payment of taxes was taken into account. If this calculation base was adjusted in order to reflect a rate before tax, the result would be as follows:

	Spain	France	Poland	Italy	the Netherlands	Hungary	Germany
Before-tax weighted average cost of capital 2020	6.15%	5.62%	5.79%	8.25%	5.58%	8.29%	4.88%

The Group uses after-tax weighted average cost of capital differentiated between generation and retail (WACC). The geographical segments of Italy, the Netherlands, Hungary and Germany are exclusively of energy retail, and the geographical segment of France refers exclusively to energy generation. As a consequence, only the geographical segments of Spain and Poland include the segments of energy generation and retailing. However, the variation between the WACC of both segments is not significant and does not involve significant impacts on the impairment test results.

b) Prices: The sale prices of electricity have been estimated on the basis of past experience, external sources of information as well as observable data from the market regarding future prices. For countries in which there are framework agreements on prices, such as Poland and France, the agreed-upon price has been used. An annual increase in prices has been estimated in accordance with the regulatory framework of each one of the countries.

c) Production hours of generation plants: the production hours employed in the calculation of the impairment test have been based, for the operating generation plants, on the average of the historical value of the hours employed in former years (eliminating those years that appear as outliers because of high or low wind levels).

d) Gross margin and growth rates: the Group has determined the gross margin budgeted based on past return and market development expectations. The weighted average growth rates are coherent with the estimates included in the industry reports.

In addition to the assumptions set out above, the Managers of the Company have taken into account in the preparation of the calculations of recoverable value other business assumptions that are relevant, such as:

- Estimated life of the projects: In order to determine the number of years to plan in the sectoral segment of energy generation, the estimated useful life of the generating equipment, which is of 25 years, has been taken as a reference point in regard to the wind farms, without taking into account the residual value at the end of their useful life. The generating equipment is the more representative kind of assets of a wind farm. Moreover, it is necessary to take into account that the validity period of the administrative licences and lease contracts for the land of the power plants is longer than 25 years.

In regard to the sectoral segment of energy retailing, cash flows have been planned for the period of 5 years, including residual or terminal values.

- Operating expenses: For future years, the operating expenses have been estimated on the basis of past experience and by applying an estimated inflation rate.

- Increase rates: For production projections in the wind generation segment the estimated production hours were used without projecting any increase. Regarding prices, these are also estimated on the basis of past experience and external information sources, with an increase according to the regulatory framework of each country.

With regard to the projections in the energy retailing segment, the increase rates have been estimated both for the projected period and for residual values of between 1% and 1.4%. These figures incorporate electricity volume increase and electricity price changes over time. The percentages of the residual value over the total recoverable amount for the main CGUs (Cash Generating Units) with goodwill or intangible assets of indefinite life are as follows:

Year	Spain	the Netherlands	Poland	Italy	Germany
2020	80%	54%	81%	80%	76%
2019	82%	58%	83%	71%	88%

As it has been mentioned above, and as a result of the registered impairment, there are certain CGUs in the generation segment, whose carrying amount is equal to the recoverable amount, therefore any increase in discount rate or decrease in selling price for energy would cause another impairment or reversal. Similarly, an increase in selling prices for energy or a decrease in discount rate would have a positive effect on the income statement of the Audax Renovables Group as a consequence of the reversal of the registered provisions.

The differences between the recoverable amount and the carrying amount (i.e. the existing "gap") for all of the energy generation CGUs, obtained through the analysis of impairment in the year 2020 and 2019 are as follows:

Energy generation sector	**31.12.2020**	**31.12.2019**
Spain and France	4,628	5,480
Poland	-	-
TOTAL	**4,628**	**5,480**

The difference between the recoverable amount and the carrying amount (i.e. the existing “gap”) for the entirety of the retailing CGUs of significant book value, obtained through the analysis of impairment in the year 2020 and in the year 2019 exceeds the amount of EUR100,000 thousand.

***Sensitivity analysis*:**

As already mentioned, there are certain assumptions whose variations could significantly affect the recoverable value of the assets subject to the impairment testing, which are the discount rate and the sale prices of electricity. The sensitivity of the results to reasonably possible changes in these assumptions, on which the Directors have based their determination of the recoverable amount of the wind farms, differentiated by the different geographic segments is as follows:

Effect on net income (EUR thousands)		
	2020	**2019**
Increase of the discount rate of 10%		
Spain	-	-
Poland	(966)	(1,333)
Total	(966)	(1,333)
Decrease of the discount rate of 10%		
Spain	-	-
Poland	1,104	1,293
Total	1,104	1,293

Effect on net income (EUR thousands)		
	2020	**2019**
Increase of the sale price of electricity of 10%		
Spain	-	-
Poland	3,306	3,383
Total	**3,306**	**3,383**
Decrease of the sale price of electricity of 10%		
Spain	(431)	(19)
Poland	(3,159)	(3,076)
Total	**(3,590)**	**(3,095)**

The Group has decided to use 10% rate of change in the sensitivity analysis, considering it as a good reference for the analysis of this kind of changes and given that it is the change which Audax Renovables Group has been routinely using to inform about the impact of reasonably possible changes in key assumptions on the profit or loss. Keeping in mind the historical volatility of the variables subject to the sensitivity analysis, the Group considers that the use of 10% change for the entirety of the variables is a good indicator to analyse the impact of reasonably possible changes in these assumptions on the profit or loss.

The impacts described above refer only to the generation segment, the recovery amount of the retailing segment CGU is greater than the net carrying value of its net assets, and changes of fair value in the assumptions would not involve impacts on the impairment of these assets.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

The movement in the years 2020 and 2019 in the accounts under Property, plant and equipment has been as follows:

	Total tangible assets
Net book value at 31.12.2018	**166,597**
Additions to scope (Note 2)	6,148
Investment	1,606
Divestment	(90,054)
Depreciation charge	(8,923)
Translation differences	(27)
Net book value at 31.12.2019	**75347**
Cost	100,274
Accumulated depreciation	(24,927)
Net book value at 31.12.2019	**75,347**
Additions to scope (Note 2)	3,290
Investment	15,530
Divestment	(25)
Depreciation charge	(4,074)
Transfers	358
Translation differences	(2,997)
Net book value at 31.12.2020	**87,429**
Cost	106,624
Accumulated depreciation	(19,195)
Net book value at 31.12.2020	**87,429**

The breakdown of the movements of tangible assets itemised by different classes is as follows:

	31.12.2019									31.12.2020		
	Gross value	Accumulated depreciation	Net book value	Additions to the scope	Investment	Divestment	Depreciation charge	Impairment charge	Translation differences	31.12.2020	Gross value	Accumulated depreciation	Net book value
Land	2	-	2	-	-	-	-	-	-	2	2	-	2
Structures	1,152	(212)	940	-	29	-	(46)	-	-	923	1,181	(258)	923
Plant and machinery	81,884	(22,559)	59,325	-	-	(25)	(3,696)	752	(2,862)	53,494	69,943	(16,449)	52,742
Equipment, chattels and other fixed assets	8,618	(2,156)	6,462	24	-	-	(332)	(138)	-	6,016	8,504	(2,488)	6,512
Assets under construction and advance payments	8,618	-	8,618	3,266	15,501	-	-	(256)	(135)	26,994	26,994	-	27,250
TOTAL	**100,274**	**(24,927)**	**75,347**	**3,290**	**15,530**	**(25)**	**(4,074)**	**358**	**(2,997)**	**87,429**	**106,624**	**(19,195)**	**87,429**

	1.01.2019									31.12.2019		
	Gross value	Accumulated depreciation	Net book value	Additions to the scope	Investment	Divestment	Depreciation charge	Impairment charge	Translation differences	31.12.2019	Gross value	Accumulated depreciation	Net book value
Land	16	-	16	-	-	(14)	-	-	-	2	2	-	2
Structures	1113	165	948	-	39	-	(47)	-	-	940	1,152	(212)	940
Plant and machinery	179,186	23,898	155,288	-	728	(89,110)	(7,557)	-	(24)	59,325	81,884	(22,559)	59,325
Equipment, chattels and other fixed assets	9,176	837	8,339	-	375	(930)	(1,319)	-	(3)	6,462	8,618	(2,156)	6,462
Assets under construction and advance payments	2,006	-	2,006	6,148	464	-	-	-	-	8,618	8,618	-	8,618
TOTAL	**191,497**	**24,900**	**166,597**	**6,148**	**1,606**	**(90,054)**	**(8,923)**	**-**	**(27)**	**75,347**	**100,274**	**(24,927)**	**75,347**

Additions to the scope in 2020 correspond principally to property, plant and equipment from the acquisition of the Audax Hungría companies and to the purchase of various solar power plants (Note 2.5.b).

The most significant investments in 2020 correspond to the cost of development and construction of various solar power plants of the companies Las Piedras Solar, S.L., Botey Solar, S.L., Corot Energía, S.L., Da Vinci Energía, S.L. Elogia Calañas, S.A. and Corinto Solar, S.L.

Divestments in 2019 relate mainly to the wind farms of the sold companies Parque Eólico Hinojal S.L. and Parc Eólic Mudéfer, S.L. (Note 2.5.b).

Financial expenses capitalised in the year 2020 amounted to EUR 363 thousand, no significant financial expenses were capitalised in the year 2019.

As at 31 December 2020, the Group has commitments for the purchase of fixed assets for the amount of EUR 37,142 thousand.

As at 31 December 2020 there are no payments nor advance payments to suppliers for the construction of fixed assets registered as an increase of value of assets under construction, nor there were such payments as at 31 December 2019.

Translation differences mainly include the impact on the measurements of assets relating to the investments in Poland. The negative impact for the year 2019 and 2020 is due mainly to the depreciation of the Polish zloty against the euro.

As at 31 December 2020 the intangible assets still in use and completely depreciated amount to EUR 371 thousand (EUR 272 thousand at 31 December 2019).

The assets associated to the farms holding loans from credit entities under the modality of Project Finance are presented as a collateral of the mentioned credits (Note 14).

It is the strategy of the Audax Renovables Group to take out all the insurance policies deemed necessary to cover the exposure of its property, plant and equipment.

The breakdown of tangible assets by country is as follows:

	31.12.2020	**31.12.2019**
Spain	47,547	31,080
France	6,375	6,904
Italy	24	24
Germany	2	5
Poland	32,485	36,477
the Netherlands	863	756
Hungary	32	-
Others	101	101
TOTAL	**87,429**	**75,347**

The Group assesses regularly the existence of indications which might imply possible impairment of tangible assets, in order to verify if the carrying value of said assets exceeds their recoverable amount. Moreover, as indicated in Note 5, the Group verifies, at least once a year, the possible impairment of the CGUs, so in this respect, the majority of tangible assets are subject to this analysis.

NOTE 7 – INVESTMENTS ACCOUNTED FOR BY EQUITY METHOD

The movement in the year 2020 in investments accounted for by the equity method is as follows:

	Balance 31.12.19	Participation in profit (loss)	Differences exchange	Balance 31.12.20
Company				
Parque Eólico Toabré S.A. (formerly Fersa Panamá SA.)	6,905	(51)	(189)	6,665
Total	**6,905**	**(51)**	**(189)**	**6,665**

The movement in the year 2019 in investments accounted for by the equity method is as follows:

	Balance 01.01.19	Participation in profit (loss)	Differences exchange	Balance 31.12.19
Company				
Parque Eólico Toabré S.A. (formerly Fersa Panamá SA.)	6,992	(87)	-	6,905
Total	**6,992**	**(87)**	**-**	**6,905**

The most significant information relating to the associated companies and joint ventures consolidated by the equity accounting method is as follows:

	Country	Assets	Liabilities	Income	Result	% Shareholding
At 31.12.2020						
Parque Eólico Toabré S.A.	Panama	105,127	103,265	-	185	30.00%
Total		**105,127**	**103,265**	**-**	**185**	

	Country	Assets	Liabilities	Income	Result	% Shareholding
At 31.12.2019						
Parque Eólico Toabré S.A.	Panama	93,070	90,994	-	(291)	30.00%
Total		**93,070**	**90,994**	**-**	**(291)**	

The information on these associated companies and joint ventures has been obtained from their not audited financial statements as at 31 December 2020 and 2019.

As at 31 December 2020 and 2019 none of the associated companies is listed on the stock exchange.

NOTE 8 – FINANCIAL ASSETS

The breakdown of the financial assets by Class and Category is as follows:

	2020			2019		
	Current	Non-current	Total	Current	Non-current	Total
Assets designated at fair value through profit and loss						
Equity instruments						
Not traded	-	1,613	**1,613**	-	113	**113**
Total	**-**	**1,613**	**1,613**	**-**	**113**	**113**
Financial assets at amortised cost						
Unsecured loans						
Floating rate	-	621	**621**	-	1,003	**1,003**
Total	-	621	**621**	-	1,003	**1,003**
Trade and other receivables						
Receivables from sales and services	243,883	-	**243,883**	158,042	-	**158,042**
Other receivables	4,725	-	**4,725**	10,111	-	**10,111**
Less impairment	(27,540)	-	**(27,540)**	(19,817)	-	**(19,817)**
Total (Note 10)	221,068	-	**221,068**	148,336	-	**148,336**
Loans to group entities (Note 22)	152	12,124	**12,276**	49	66,753	**66,802**
Total	152	12,124	**12,276**	49	66,753	**66,802**
Deposits and sureties granted	2,241	11,608	**13,849**	2,612	8,037	**10,649**
Fixed-term deposits	69,423	762	**70,185**	19,786	400	**20,186**
Other financial assets	3,158	-	**3,158**	3,309	-	**3,309**
Total	74,822	12,370	**87,192**	25,707	8,437	**34,144**
Total	**296,042**	**25,115**	**321,157**	**174,092**	**76,193**	**250,285**
Equity instruments at fair value through other comprehensive income						
Traded	7,637	-	**7,637**	10,344	-	**10,344**
Hedge derivatives						
Contracted on organised markets (Note 9)	3,367	11	**3,378**	141	-	**141**
Total	**11,004**	**11**	**11,015**	**10,485**	**-**	**10,485**
Total financial assets	**307,046**	**26,739**	**333,785**	**184,577**	**76,306**	**260,883**

Transferred deposits and guarantees refer to:

- Amounts transferred to lessors as a guarantee for the existing lease contracts. The amounts are represented at paid out value which does not differ significantly from their fair value.

- Amounts paid out as a guarantee for the purpose of operating on the electricity market.

Fixed-term deposits consist mainly of deposits made to different financial institutions, which during the years 2020 and 2019 yielded an accrued interest at market interest rate.

Other current financial assets relate primarily to the Debt Service Reserve Account (DSRA) amounting to EUR 3,130 thousand (EUR 3,276 thousand at 31 December 2019) which constitutes an additional guarantee for the bank syndicate and is subject to restrictions in application, as is described in Note 14.

The amount of equity instruments at fair value with changes in other comprehensive income at 31 December 2020 and 31 December 2019 corresponds, mainly, to listed investment funds.

AS at 31 December 2020, the financial assets valuation adjustment, without taking into account the impairment of trade receivables, amounts to EUR 59 thousand.

NOTE 9 – DERIVATIVE FINANCIAL INSTRUMENTS

The Group is exposed to fluctuations in interest rates since its bank borrowings are made at floating interest rates. Therefore, related to its loans, the Group has hedging contracts on variations in Euribor / Wibor interest rates in order to ensure a maximum rate.

Furthermore, the Group entered into hedging contracts as a form of security measure against fluctuations in electricity selling prices.

As at 31 December 2020 and 31 December 2019 the breakdown of assets and liabilities related to derivative financial instruments is as follows:

	31 December 2020		31 December 2019	
	Non-current	**Current**	**Non-current**	**Current**
Assets arising from derivatives				
Energy price hedges	11	3,367	-	141
Total assets	**11**	**3,367**	**-**	**141**
Liabilities arising from derivatives				
Energy price hedges	3,517	483	2,393	4,060
Interest rate swaps	1,829	-	1,616	-
Total liabilities	**5,346**	**483**	**4,009**	**4,060**

The fair value of the different financial instruments is calculated using the cash flow discount valuation method. The assumptions used in these valuation techniques are based on prices of observable, current market transactions of the same instrument, such as, for example, the interest rate.

Therefore, the variables on which the valuation of the hedging derivatives is based in this section can be observed in an official market (Level 2).

Interest rate derivatives

The breakdown of derivative financial instruments as at 31 December 2020 and 31 December 2019, their fair value and the breakdown by maturities of notional values, in thousand euros, are as follows:

	Fair value	At 31.12.2020 Notional Value (EUR thousands)					
		2021	2022	2023	2024	2025	Total
INTEREST RATE DERIVATIVES:							
Financial swaps	(1,829)	2,584	2,710	1,369	1,484	17,032	25,179

	Fair value	At 31.12.2019 Notional Value (EUR thousands)						
		2020	2021	2022	2023	2024	Subsequent	Total
INTEREST RATE DERIVATIVES:								
Financial swaps	(1,616)	2,464	2,584	2,710	1,369	1,484	17,032	27,643

All the Group's interest rate derivatives have been classified as held for trading, because not all of them meet the criteria for the application of hedge accounting established in the IFRS-EU standards, and therefore the fluctuations in the fair value are registered in the profit and loss account.

Over this year, as a consequence of the sale of the companies (Note 2.5.b), current interest rate derivatives have been reduced significantly.

The fixed interest rate hedged by the different financial instruments the Group owns at 31 December 2020 varies between 2.52% and 3.14%.

Energy price hedge derivatives.

As at 31 December 2020, the Group holds hedge contracts against the risk of energy price changes with certain entities. By way of this transaction the Group hedges against the risk of energy price changes for the maximum net volume of 142 MW for the year 2021, 27 MW for the year 2022, and 10 MW for the year 2023 and following. As at 31 December 2020 the net fair value of these derivative financial instruments is a liability amounting to EUR 623 thousand (liability of EUR 6,312 thousand at 31 December 2019).

The energy price hedge derivatives comply with the IFRS-EU standards for the application of hedge accounting, therefore the changes in the value of these financial instruments are recorded (at the after tax amount) under net equity.

NOTE 10 – TRADE RECEIVABLES, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

The breakdown of Trade and other receivables is as follows:

	At 31.12.2020	At 31.12.2019
Trade receivables	243,788	157,651
Trade receivables from group companies	95	391
Other receivables	4,725	10,111
Valuation adjustments for bad debt	(27,540)	(19,817)
Total trade and other receivables	**221,068**	**148,336**

Under the heading of “Trade receivables” the Group puts mainly the invoicing amounts corresponding to the months of November and December 2020 that have not yet been collected.

As indicated in Note 2, since the usual time of meters readings does not coincide with the balance sheet date, the Group estimates the volume of sales to customers which has not yet been invoiced. The accumulated balance of electricity and gas retailing which has not yet been invoiced is featured in under the heading “Trade and other receivables". As at 31 December 2020, the estimates of the retailing companies amount to EUR 107,128 thousand (EUR 63,814 thousand as at 31 December 2019).

The movement of valuation adjustments for bad debt in the year 2020 and 2019 is as follows:

	2020	2019
Balance at beginning of year	**(19,817)**	**(16,492)**
Change of scope (Note 2b)	(508)	-
Allocations	(10,684)	(5,575)
Reversals	605	2,250
Releases	2,930	-
Others	(66)	-
Balance at beginning of year	**(27,540)**	**(19,817)**

The breakdown of “Other current assets” is as follows:

	31.12.2020	31.12.2019
Prepaid expenses for insurance	259	137
Prepaid expenses for commissions	28,061	21,810
Prepaid expenses for renting	36	57
Other prepaid expenses	559	465
Advances to staff	32	7
Receivables from Public Administrations	13,532	3,765
Total	**42,479**	**26,241**

“Prepaid expenses for commissions” correspond to payments of commissions made in advance to commission agents for new clients acquisition, depending on the duration of the contract which usually is a period of one year (Note 2.25).

NOTE 11 - CASH AND OTHER CASH EQUIVALENTS

The heading “Cash and other cash equivalents” includes:

	At 31.12.2020	At 31.12.2019
Cash and banks	367,852	150,098
Short-term investments of high liquidity	381	686
Total	**368,233**	**150,784**

The Group does not receive significant interest remunerations over cash and other cash equivalents.

There are no significant restrictions to the disposition of cash and cash equivalents.

As at 31 December 2020 and 2019, there is no significant amount of cash and cash equivalents which would not be available at the Group's disposal.

NOTE 12 – NET EQUITY

a) Share capital

The Parent Company was incorporated in Barcelona on 10 July 2000 as a joint stock company for an unlimited duration.

As at 31 December 2020 and at 31 December 2019 the share capital of the Parent Company is represented by 440,291,054 shares of a value of EUR 0.1 each.

The Parent Company was incorporated in Barcelona on 10 July 2000 as a joint stock company for an unlimited duration

The Extraordinary General Meeting of Shareholders of the Parent Company on 2 May 2007 agreed to increase share capital by EUR 37,755,975 through the issue of 37,755,975 ordinary shares with a par value of EUR 1 each, and a share premium of EUR 3 per share.

On 9 July 2007 this capital increase was accounted after it was inscribed in the Registry of the Spanish National Securities Market Commission (CNMV), recorded in a public deed and inscribed in the Mercantile Registry.

On 20 February 2008, the Extraordinary General Meeting of Shareholders of the Parent Company Audax Renovables, S.A. adopted a resolution approving of a transaction under which several business groups made contributions to the Parent Company in the form of companies with operating wind farms and at different stages of administrative process. In consideration thereof, the parent Company made a capital increase with non-cash contributions. This transaction included wind farms in Spain and abroad, specifically in India, France and Poland, and resulted in the incorporation of 562.7 MW and contributions amounting to EUR 274,874 thousand.

On 30 June 2015 the Ordinary General Meeting of Shareholders of Audax Renovables, S.A. agreed to reduce the share capital by decreasing the nominal value of the shares by EUR 0.3 per share. Consequently, the share capital of the Parent Company as at 31 December 2015 and 2016 amounts to EUR 98,003 thousand and is represented by 140,003,778 shares, of a value of EUR 0.7 each. As a result of this transaction a special fund was created amounting to EUR 42,001 thousand.

On 19 May 2016 Audax Energía, S.A. made a bid to purchase 100% of shares of Audax Renovables, S.A. at the price of fifty cent euro (EUR 0.50) per share. On 8 August 2016 the CNMV announced that the offer made by Audax Energía, S.A. had been accepted by the holders of 99,211,899 shares representing 70.86% of the share capital of Audax Renovables, S.A.

On 23 November 2018 the General Meeting of Shareholders agreed unanimously to carry out the merger by absorption of Audax Energía, S.A.U. (legal acquiree) by Audax Renovables, S.A. (legal acquirer), and the subsequent dissolution without liquidation of Audax Energía, S.A.U. As a result of the merger, Audax Renovables, S.A. became the new parent company of the Group. In order to carry out the merger, the General Meeting of Shareholders of the acquiring company, Audax Renovables, S.A., adopted the resolution to increase its share capital by EUR 210,201,093.20 by issuing 300,287,276 shares equal to those already existent, cumulative and indivisible, with a nominal value of EUR 0.70 each share, which were attributed entirely to Eléctrica Nuriel, S.L.U. Those shares were issued with a share premium of EUR 0.4770775549 per share, that is EUR 141,367,906.98. The information regarding this transaction is included in the notes to the consolidated annual accounts for the year 2018.

On 29 April 2019, and with the aim to restore the equilibrium to the financial situation of the Parent Company, the General Meeting of Shareholders approved a reduction of the share capital reducing by EUR 0.6 the nominal value of the shares. As a consequence of the share capital reduction there was an increase in the Parent Company's reserves of EUR 264,175 thousand.

The shares of Audax Renovables, S.A. are admitted to trading on the continuous market of the Spanish Stock Exchange. The share quotation as at 31 December 2020 of the Parent Company's shares was of EUR 1.94 per share (EUR 2.14 as at 31 December 2019).

The breakdown of the shareholders with more than 10% of stake of the Parent Company as at 31 December 2020 and 2019 is as follows:

	31.12.2020	31.12.2019
Shareholders	**%**	**%**
Eléctrica Nuriel, S.L. (*)	72.09%	88.48%
Rest of Shareholders	27.91%	11.52%
Total	**100%**	**100%**

(*) Additionally, Electrica Nuriel, S.L.U, has various rights to purchase 48,000,000 shares of Audax Renovables, S.A., which represent 10.90% of the Parent Company

b) Share premium account

This account can only be affected by resolutions of the General Meeting of Shareholders of the Parent Company.

c) Legal Reserve

Companies that report profits will be obligated to appropriate 10% of profit for the year to this reserve until it reaches at least 20% of share capital. This reserve, as long as it does not exceed the limit indicated, can only be used to offset losses if there are no other reserves sufficiently available to do so. On the other hand, it can also be used to increase share capital in the part that exceeds 10% of the capital already increased.

As at 31 December 2020 the Parent Company has a Legal Reserve valued at EUR 8,806 thousand (EUR 19,027 thousand as at 31 December 2019).

d) Treasury shares

As at 31 December 2020 and 2019 the Parent Company does not own treasury shares.

e) Translation differences

This account in the consolidated balance sheet includes the net exchange differences arising from the translation into euro of the balances of functional currencies of the consolidated companies whose functional currency is not the euro. At 31 December 2019 the balances reflect mainly the impact of the historical price fluctuations of the Polish zloty against the euro. As at 31 December 2020 it includes also the impact of the price fluctuation of the Hungarian forint.

f) Distribution of earnings:

The proposed distribution of earnings of the Parent Company for 2020 that the Board of Directors will suggest to the General Meeting of Shareholders for its approval is as follows:

Base of distribution	**EUR**
Profit and loss (profit)	19,197,650
Total	**19,197,650**

Base of distribution	**EUR**
For dividends	10,000,000
To compensate losses from previous years	9,197,650
Total	**19,197,650**

The General Meeting of Shareholders held on 09 July 2020 approved the following profit allocation of the Parent Company for the year 2019:

Base of distribution	**EUR**
Profit and loss (profit)	16,812,748
Total	**16,812,748**

Base of distribution	**EUR**
To compensate losses from previous years	16,812,748
Total	**16,812,748**

In compliance with the provisions of article 40.6 bis of Royal Decree-Law 8/2020, of 17 March, on urgent extraordinary measures to counteract the economic and social impact of COVID-19, this profit allocation replaced the one presented in the notes to the individual and consolidated annual accounts for the year ended on 31 December 2019.

Profit / (loss) per share

The breakdown of basic and diluted earnings per share is as follows:

	31.12.2020	31.12.2019
Number of shares	440,291,054	440,291,054
Average number of shares	440,291,054	440,291,054
Average number of shares diluted	446,376,189	440,291,054
Profit for the year attributable to the Parent Company*	26,385	25,417
Profit for the year attributable to the Parent Company diluted*	26,671	25,417
*(EUR thousands)		
Profit / (loss) per share (euro per share)		
- Basic	**0.0599**	**0.0577**
- Diluted	**0.0598**	**0.0577**

The basic gain per share is calculated by dividing the profit for the year attributable to the holders of equity instruments of the Parent Company by the weighted arithmetic mean of ordinary shares circulating over the year.

The diluted gain per share is calculated by adjusting the profit for the year attributable to the holders of equity instruments of the Parent Company and the weighted arithmetic mean of ordinary shares circulating by all the dilutive effects inherent to the potential ordinary shares.

Equity component of compound financial instruments

As a consequence of the issue of convertible bonds for the amount of EUR 125 million, the Group has recorded as compound financial instruments in equity a total amount of EUR 8,035 thousand (Note 14).

Non-controlling interests

The movement during the years 2020 and 2019 of non-controlling shares has been as follows:

Balance at 1 January 2019	**33,258**
Profit (loss) for the year	5,921
Valuation adjustments	(2,845)
Dividend distribution	(1,727)
Other movements	(1,114)
Balance at 31 December 2019	**33,493**
Profit (loss) for the year	3,785
Dividend distribution	(4,703)
Purchase of Non-controlling interests (Note 2)	(26,144)
Other movements	1,387
Balance at 31 December 2020	**7,818**

The breakdown of the non-controlling interests by entity as at 31 December 2020 and 31 December 2019 is as follows:

	31.12.2020	31.12.2019
Main Energie, B.V. (formerly Audax Netherlands, B.V)	-	11,325
Eryx investments 2017, S.L. *	7,276	21,497
Eoliennes de Beausemblant, SAS	569	540
Others	(27)	131
	7,818	**33,493**

*includes Unieléctrica Energia S.A. and its subsidiaries.

As at 31 December 2020and 31 December 2019, the most significant data regarding the subsidiary companies holding currently or previously significant non-controlling interests is as follows:

31.12.2019	Total Assets	Total Liabilities	Ordinary Income	Results
Main Energie, B.V. (formerly Audax Netherlands, B.V)	159,631	118,932	150,384	(1,017)
Eryx investments 2017, S.L.	177,030	100,417	365,750	9,094

31.12.2020	Total Assets	Total Liabilities	Ordinary Income	Results
Eryx investments 2017, S.L. and subsidiaries	183,501	101,411	316,526	10,361

NOTE 13 – NON-CURRENT PROVISIONS

The breakdown of provisions as at 31 December 2020 and as at 31 December 2019 is as follows:

	Balance 31.12.2020	Balance 31.12.2019
Provision for liabilities	16	269
Dismantling provision	971	942
Total	**987**	**1,211**

Provision for liabilities

This account included mainly the provisions created in order to tackle contingent liabilities towards certain public entities with a maturity of over one year. In 2020 non-current provisions were paid in the amount of EUR 269 thousand.
As at 31 December 2020, the Management of the Parent Company considers that there are no contingencies requiring to be provisioned for.

Dismantling provision

As at 31 December 2020, the Group has recorded a provision of EUR 971 thousand (EUR 942 thousand as at 31 December 2019) to cover the costs of dismantling the wind farms that are now in operation.

NOTE 14 – FINANCIAL LIABILITIES

The breakdown of the financial liabilities, without including trade and other payables (Note 16), during the years 2020 and 2019 is as follows:

	31.12.2020	31.12.2019
Bonds and other negotiable securities	371,123	143,184
Amounts owed to credit institutions	82,339	46,554
Lease liabilities	7,801	8,267
Financial derivatives liabilities (Note 9)	5,346	4,009
Other non-current financial liabilities	528	19,605
Total non-current financial liabilities	**467,137**	**221,619**

	31.12.2020	31.12.2019
Bonds and other negotiable securities	136,754	67,534
Amounts owed to credit institutions	53,649	71,121
Lease liabilities	1,132	1,362
Financial derivatives liabilities (Note 9)	483	4,060
Other current financial liabilities	44,780	28,934
Total current financial liabilities	**236,798**	**173,011**

Except for the liabilities arising from financial derivatives, the financial liabilities are measured at amortised cost. The financial derivatives liabilities are measured at fair value. The fair value of liabilities bearing fixed interest rate is estimated on the basis of discounted cash flows over the remaining term of that liability. Discount rates were determined according to the market rates available at 31 December 2020 and 2019 on the financial liabilities with similar maturity and credit features.

The movement of financial liabilities during the year 2020 and 2019 has been as follows:

	31.12.2019	Recognitions	Derecognitions	Transfers	Change in fair value	31.12.2020
Bonds and other negotiable securities	143,184	349,344	(115,706)	(5,699)	-	371,123
Amounts owed to credit institutions	46,554	67,066	(9,214)	(22,067)	-	82,339
Finance lease liabilities	8,267	579	(450)	(595)	-	7,801
Financial derivatives liabilities (Note 9)	4,009	-	-	-	1,337	5,346
Other financial liabilities	19,605	97	(19,174)	-	-	528
Total non-current financial liabilities	**221,619**	**417,086**	**(144,544)**	**(28,361)**	**1,337**	**467,137**
Bonds and other negotiable securities	67,534	180,926	(117,405)	5,699	-	136,754
Amounts owed to credit institutions	71,121	68,130	(107,669)	22,067	-	53,649
Finance lease liabilities	1,362	736	(1,561)	595	-	1,132
Financial derivatives liabilities (Note 9)	4,060	-	-	-	(3,577)	483
Other financial liabilities	28,934	16,296	(450)	-	-	44,780
Total current financial liabilities	**173,011**	**266,088**	**(227,085)**	**28,361**	**(3,577)**	**236,798**

	31.12.2018	Recognitions	Derecognitions	Transfers	Change in fair value	31.12.2019
Bonds and other negotiable securities	96,938	45,808	-	438	-	143,184
Amounts owed to credit institutions	129,873	5,268	(79,000)	(9,587)	-	46,554
Finance lease liabilities	-	8,267	-	-	-	8,267
Financial derivatives liabilities (Note 9)	11,373	-	-	-	(7,364)	4,009
Other financial liabilities	34,409	-	(10,804)	(4,000)	-	19,605
Other financial liabilities	**272,593**	**59,343**	**(89,804)**	**(13,149)**	**(7,364)**	**221,619**
Bonds and other negotiable securities	67,985	165,652	(165,665)	(438)	-	67,534
Amounts owed to credit institutions	103,713	338,807	(380,986)	9,587	-	71,121
Finance lease liabilities	-	1,362	-	-	-	1,362
Financial derivatives liabilities (Note 9)	462	-	-	-	3,598	4,060
Other financial liabilities	16,495	17,081	(8,642)	4,000	-	28,934
Financial derivatives liabilities (Note 9)	**188,655**	**522,902**	**(555,293)**	**13,149**	**3,598**	**173,011**

The breakdown of financial liabilities cash flows in 2019 was as follows:

	31.12.2019	Cash flows movement	Movements which do not involve cash flows	31.12.2020
Bonds and other negotiable securities	210,718	306,482	(9,323)	507,877
Amounts owed to credit institutions	117,675	(862)	19,175	135,988
Finance lease liabilities	9,629	-	(696)	8,933
Financial derivatives liabilities (Note 9)	8,069	-	(2,240)	5,829
Other financial liabilities	48,539	38,651	(41,882)	45,308
Total financial liabilities	**394,630**	**344,271**	**(34,966)**	**703,935**

Bonds and other negotiable securities

In January 2017 Audax Renovables, S.A. registered a programme of promissory notes on the Alternative Fixed-Income Market (MARF) for the maximum amount of EUR 50,000 thousand with maturity in 2019. On 13 February 2019 this promissory note programme was expanded to a maximum amount of EUR 75,000 thousand with maturities of up to 2 years. Later, on 30 March 2020, Audax Renovables, S.A. carried out a new increase registered under the name of "Audax 2020 Note Programme" with a maximum outstanding balance of EUR 200,000 thousand, and the maturity date on 30 March 2021. As at 31 December 2020, the total drawn down balance amounts to EUR 156,824 thousand (EUR 74,478 thousand as at 31 December 2019).

On 26 June 2020 Audax Renovables, S.A. registered a Euro-Commercial Paper Programme (ECP) of a maximum outstanding amount of EUR 300,000 thousand on the Irish Stock Exchange. As at 31 December 2020 the Company has not drawn down any amount under this programme.

On 3 July 2020 the Company registered a fixed income green bond programme for a nominal amount of up to EUR 400,000 thousand under the name of “EUR 400,000,000 Senior Unsecured Notes Programme Audax Renovables, S.A. 2020” in the Alternative Fixed-Income Market ("MARF"). On 3 September 2020 the Company carried out the first issuance under this programme, for the amount of EUR 20,000 thousand, named "Issue Number 1 of Senior Unsecured Notes of Audax Renovables, S.A. 2020" with maturity in April 2022, which was redeemed ahead of schedule on 3 December 2020.

The Company approved in 2017 a programme for issuing plain bonds on the Alternative Fixed-Income Market (MARF), of which bonds of a nominal value of EUR 65,000 thousand with maturity in June 2022 and fixed nominal annual interest of 4.20% were subscribed.

Also in 2018 the Company approved a new programme for issuing bonds worth EUR 35,000 thousand, which was later increased by another EUR 35,000 thousand, with maturity in October 2023 and fixed nominal annual interest rate of 5.5%.

On 30 November 2020 the Company announced an offer of swap transaction for the holders of those bonds for a new issue of green bonds by the Company under its programme named "EUR 400,000,000 Senior Unsecured Notes Programme Audax Renovables,S.A. 2020" in exchange for the early redemption of the Existing Bonds owned by the holders.

As a consequence of this swap transaction the Company carried out a second issue of green bonds named “Issue Number 2 of Senior Unsecured Notes of Audax Renovables, S.A. 2020” for the amount of EUR 200,000 thousand, at the interest rate of 4.20% and with maturity on 18 December 2027. This new issue was subscribed partly by the previous holders of the 2017 and 2018 emissions, and partly by new investors.

As at 31 December 2020 the outstanding balance of the 2017 bond amounts to EUR 26,600 thousand and the outstanding balance of the 2018 bond amounts to EUR 17,505 thousand, corresponding to the holders who did not take part in the swap transaction offered by the Company.

On 18 November 2020 the Board of Directors of the Company approved the issue of senior plain green convertible unsecured bonds (hereinafter "the convertible bonds") for the amount of EUR 125,000 thousand of nominal value and at the annual interest rate of 2.25% to 2.75% payable half-yearly, with maturity on 30 November 2025.

The convertible bonds may be converted in ordinary shares of the Company, either of a new issue or those already issued on the continuous market. The conversion option has an underlying of 51.7 million shares of the Company, which correspond to 11.74% of the total of issued shares. The necessary conditions which need to be met for the conversion to be carried out involve the approval by the General Meeting of Shareholders of 30 June 2021 of the convertibility, of an increase of the share capital and of the exclusion of the pre-emptive subscription rights in order to allow the issuance of shares to which this conversion would apply, and the Shareholders' resolutions need to be notarised and together with the amendment to the notarial deed on the issue of convertible bonds need to be registered in the Commercial Register.

If the conversion is not approved, the Company has the option of redeeming the entirety of the convertible bond ahead of schedule under certain conditions.

Once the bonds are made convertible, the holders will have the right to convert the bond into shares of new issue or into existing shares (to be decided by the Company) at the conversion price of EUR 2.42 per share.

Additionally, the Company has the option of early redemption of convertible bonds if certain predetermined conditions are fulfilled.

On the other hand, the bondholders may request that the Company repurchase the convertible bonds on certain conditions. Depending on the circumstances in which the bondholder decides to exercise the right to request the repurchase of the bond, its price may vary.

According to the nature and the substance of the transaction, and in compliance with IAS 32, the Group considers that the bond should be classified as a compound financial instrument comprised of the following components:

- A liability component, due to the obligation of the Group to pay half-yearly the coupons and the capital at maturity date. Fair value at 31 December 2020 of the liability component was measured at current value of the coupons and the principal discounted at a market rate of 4.2%, estimated at the amount of EUR 116,965 thousand and was recorded in the account of Financial liabilities from issue of bonds and other negotiable securities of non-current or current liabilities in the consolidated balance.

- A net equity component because of the bondholders' option to convert a fixed number of Company shares to a fixed amount of money or other assets. Fair value as at 31 December of 2020 of the net equity component was estimated at the amount of EUR 8,035 thousand as a result of the difference between the fair value of the consideration received (EUR 125 million) and the fair value of the financial liability component.

In compliance with IAS 32 the initial classification of the components of the compound financial instrument will not be subject to future review, even in case of changes in the probability of exercise of the option rights integrated in the instrument. From that moment, the value of the option recorded in net equity will be fixed, while the financial liability will be measured later at amortised cost.

Issuing of bonds is subject to meeting certain financial ratios. As at 31 December 2020 all the established ratios are met.

The amount disclosed under the Liabilities and other negotiable securities as at 31 December 2020 includes the debt to be repaid as a consequence of the issuance of said bonds and promissory notes in current and non-current liabilities.

Current liabilities include financial expenses that had been accrued but not paid at the balance sheet date of 2020 and 2019.

Amounts owed to credit institutions

The breakdown of the Group's bank loans is as follows:

	31.12.2020	31.12.2019
Project Finance	22,330	29,181
Loans	60,009	17,373
Total non-current	**82,339**	**46,554**

	31.12.2020	31.12.2019
Project Finance	4,897	4,683
Loans	30,103	18,725
Lines of credit	264	13,391
Reverse factoring and similar	18,385	34,322
Total current	**53,649**	**71,121**

As at 31 December 2020 the average effective interest rate of the bank loans is of 2.73% (2.76% as at 31 December 2019).

Project Finance

Under the Project Finance scheme the shares of the borrower are pledged, thus reducing the Group's guarantee and risk.

The companies included in the consolidation scope Eólica del Pino S.L., Eólica el Pedregoso S.L., SAS Eoliennes de Beausemblant and Eólica Postolin Sp. z o.o. have entered into loan agreements with lending institutions in the Project Finance scheme under which the entirety of their shares are pledged. These loan agreements include conditions which impose limitations on dividend distribution and require the fulfilment of certain minimum ratios, such as the Debt Service Coverage Ration or the Leverage Index.

Regarding the loan agreements for financing of the facilities which include the obligation to meet certain ratios, as at 31 December 2020 there are no indications of non-compliance with the requirements defined in those contracts. There are no breaches of financial obligations foreseen at the balance sheet date of the next period by any of the companies of the Group.

Furthermore, these loans require that companies record a Debt Service Reserve Fund (FRSD) through their bank accounts as additional guarantee for the bank syndicate. At the balance sheet date of the year 2020 and 2019 the following amounts are held as guarantee:

Company	31.12.2020	31.12.2019
Eólica el Pedregoso, S.L.	730	768
Eólica del Pino, S.L.	370	385
Eoliennes de Beausemblant, SAS	632	632
Eólica Postolin Sp. z o.o.	1,398	1,491
Total	**3,130**	**3,276**

These reserve funds have not been considered as Cash and other cash equivalents, but they were incorporated into the account of Other current financial assets, as indicated in Note 8.

Loans and lines of credit

The main loans and lines of credit of the Group are as follows:

The main loans of the Parent Company from credit institutions as at 31 December 2019 were loans from the following institutions: CaixaBank, S.A., Bankinter, Toro Finance and Finalbion, whose outstanding balances amounted to EUR 12,197 thousand. In 2020 all those loans were repaid, and only the loan from Bankinter presented as at 31 December 2020 an outstanding balance of EUR 1,954 thousand with maturity in 2022.

In 2020 the Parent Company signed new loan agreements with the companies Finalbion SV, S.L., Gedesco Innovfin, S.L. and Toro Finance for the amount of EUR 19,815 thousand and with maturity dates between 2021 and 2025. As at 31 December 2020 the outstanding balance amounts to EUR 10,638 thousand.

Additionally, the Parent Company and other companies of the Group have signed with various financial institutions ICO loans whose outstanding balance as at 31 December 2020 amounts to EUR 63,418 thousand. These loans are covered by a line of guarantees for businesses and sole traders, approved by the Royal Decree-Law 8/2020 of 17 March 2020 on urgent extraordinary measures to tackle the economic and social impact of COVID-19, under which the Ministry of Economic Affairs and Digital Transformation will issue guarantees to the loans granted by the credit institutions to the businesses and sole traders in order to help maintain the employment and alleviate the economic effects of the crisis, and the maturity of these loans is between 2022 and 2025..

Audax Netherlands B.V. has taken out loans whose outstanding balance as at 31 December 2020 amounts to EUR 4,405 thousand (EUR 13,503 thousands as at 31 December 2019); these amounts correspond mainly to two loans from ING Bank and Rabobank, with maturity in 2022.

Reverse factoring

The reverse factoring contracts of the Group relate mostly to the loans obtained by the Group from diverse financial institutions in order to finance the payment of invoices to suppliers and creditors when the invoices become due. Usually the maturity period of these loans is 60 to 120 days. In this sense, the term does not include transactions carried out between Group companies.

Therefore, we consider the nature of the transaction as financial, including the liability arising in short-term amounts owed to credit institutions.

There are no deposits or guarantees associated with these transactions.

Lease liabilities

Lease liabilities correspond to the application of IFRS 16 from 1 January 2019.

From the lessee point of view, IFRS 16 removes the previous classification into operating and finance leases based on the assessment of the transfer of risks and rewards and states that, in relation to the lease contracts, the lessee is required to recognise in the Statement the financial situation of a right-of-use asset and liability at the present value of the obligation to carry out the lease payments payable over the lease term.

The initial value of the lease liability is measured at the value of future lease payments discounted, as a rule, at incremental rate. Lease payments include:

- Fixed payments or in-substance fixed payments specified in the lease contract less any lease incentives receivable;
- Variable lease payments that depend on an index or rate;
- The amounts expected to be paid by the lessee under residual value guarantees;
- The exercise price of a purchase option that the lessee is reasonably certain to exercise; and
- Payments for terminating the lease if the lease term includes early termination.

Contingent rents subject to the occurrence of a specific event and variable payments that depend on the income or on the use of the underlying asset are measured at the moment when they are incurred under the 'External services' heading of the Consolidated income statement instead of being part of the lease liabilities.

Subsequently, lease liability is increased in order to reflect the financial expense and is reduced by the amount of the payments made. Financial adjustment is recorded under the 'Financial expenses' heading of the Consolidated income statement.

The right-of-use asset is measured initially at cost, which includes:

- The amount of the measurement at recognition of the lease liability;
- Any lease payment made on or before the commencement date, less the incentives received;
- The initial direct costs incurred in lease; and
- The estimated cost to be incurred by the lessee in dismantling and restoring the asset.

After the initial recognition, the right-of-use asset is measured at cost less accumulated amortisation and impairment loss. The amortisation of the right-of-use asset is entered under the 'Amortisation, depreciation and provisions' heading of the Consolidated income statement over the useful life of the underlying asset or the lease term if the latter is shorter.

The leases subject to this standard, where the Audax Renovables Group acts as lessee, have been measured individually at the present value of the future payments, discounted at the average discount rate of 4%.

The majority of the leases affected by this regulation correspond to the lease of land where the power plants are installed, as well as lease of office space.

Other financial liabilities

The breakdown of other financial liabilities is as follows:

	31.12.2020	31.12.2019
Accounts payable to Group companies (Note 22)	525	434
Other debts	3	19,171
Total non-current	**528**	**19,605**

	31.12.2020	31.12.2019
Accounts payable to Group companies (Note 22)	44,226	28,388
Other debts	554	546
Total current	**44,780**	**28,934**

Other liabilities as at 31 December 2019 include also a debt of the Dutch company belonging to the Group, called Main Energie B.V (formerly Audax Netherlands) amounting to EUR 19,171 of a subordinated loan with the entity Kartesia, which was wholly repaid in 2020.

The following table describes consolidated gross financial liabilities as at 31 December 2020 and 2018 and their maturity dates, taking into account the impact of the derivatives, other financial liabilities and trade payables and other payables:

	Up to one year	two to five years	more than five years	Total financial liabilities
Trade and other payables	126,086	-	-	126,086
Bonds and other negotiable securities	136,754	171,123	200,000	507,877
Amounts owed to credit institutions	53,649	72,232	10,107	135,988
Lease liabilities	1,132	1,769	6,032	8,933
Financial derivatives liabilities (Note 9)	483	4,956	390	5,829
Other non-current financial liabilities	44,780	3	525	45,308
	362,884	**250,083**	**217,054**	**830,021**

As at 31 December 2020 and 31 December 2019, the following financial liabilities are subject to the requirement of meeting certain minimum ratios or to clauses which, if not complied with, may result in declaring the payment immediately due.

	EUR thousands	
	2020	**2019**
Bond of nominal value €65M approved in May 2017	26,600	65,000
Bond of nominal value €70M approved in September 2018	17,505	71,443
Bond of nominal value €2000M approved in December 2020	200,000	-
Convertible bond of nominal value €125M approved in November 2020	116,965	-
Amounts owed to credit institutions in the Netherlands	4,405	11,426
Subordinated loan with the entity Kartesia in the Netherlands	-	19,171
Project Finance	27,801	34,609
Total	**393,276**	**201,649**

* Includes accrued interest and capitalised costs

With regard to the Bonds, the conditions to be fulfilled refer to the ratios of Net financial debt/Ebitda. With regard to the Project finance, the ratios concern Cash flows generated in a year / Debt service of the Project finance, as well as leverage ratios, all of them referred individually for each financed company.

In regard to these financial liabilities with existing commitments to fulfil specific ratios, as at 31 December 2020 all requirements specified in those contracts are met and no breach of financial obligations is expected to arise by the closing date of the next financial year.

NOTE 15 – SUBSIDIES

The company Eólica Postolin Sp. z o.o. received non-repayable grants from the European Union through the Polish Ministry of Economy for the construction of its wind farm amounting to PLN 38,354 thousand (EUR 9,019 thousand). The received subsidies are recorded in the profit (loss) according to the depreciation of the wind farm. In 2020 the amount of EUR 264 thousand (EUR 272 thousand in 2019) was recognised as "Other operating income".

NOTE 16 - TRADE PAYABLES, OTHER PAYABLES AND OTHER CURRENT LIABILITIES

Accounts payable

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

	At 31.12.2020	At 31.12.2019
Suppliers	104,345	77,141
Suppliers, group companies	196	135
Other payables	20,003	15,741
Personnel	1,542	803
Trade and other payables	**126,086**	**93,820**

Most of the accounts payable fall due between 30 and 90 days and no interest accrues on them.

For the companies of the Group which have their tax residence in Spain, we set out below the information required by the 3rd Additional Disposition of the law 15/2010/5 July of "Information Duty", modified by the second final disposition of the law 31/2014/3 December, which modifies the law of capital companies for the improvement of corporate governance, in accordance with the Resolution of 29 January 2016, of the Spanish Institute of Accounting and Book Audit, regarding the information to be incorporated into the notes to the annual accounts for the years beginning with 1 January 2015, in relation to the average period of payment to providers in trading operations, published in BOE on 4 February 2016:

	2020	2019
	Days	Days
Average period of payment to suppliers(1)	28	24
Paid transactions ratio	26	23
Transactions with outstanding payment ratio	28	24
	Amount in EUR thousands	
Total payments carried out	602,382	720,068
Total outstanding payments	46,788	47,571

(1) Under the law 11/2013 of 26 July, the maximum legal time limit for payment, applicable to the companies of the Group which have their tax residence in Spain, is of 30 days, except for the case when by agreement a longer time period is established, which under no circumstances can exceed 60 days.

The payments detailed in the above table as payments to providers refer to those which by their nature are trade payables for debts with suppliers of goods and services, in such a way that they include the needed information for the 'Other creditors' account found as current liabilities in the consolidated balance sheet.

Other current liabilities

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

	At 31.12.2020	At 31.12.2019
Public administrations and similar	75,849	51,230
Time adjustments of current liabilities	1,999	932
Advance payments from clients and other current payables	16,443	45,231
Other current liabilities	**94,291**	**97,393**

The main accounts payable to public administration entities and similar included under this heading correspond to liabilities arising from current transactions of the Dutch company of the Group, Main Energie.

NOTE 17 – RISK MANAGEMENT

The Audax Renovables Group, in general terms, considers to be a risk any eventuality or contingency which might impede the Company's ability to successfully fulfil its business objectives.

In this regard, the Group is submitted to several risks which are inherent in different countries and markets where it operates and which can prevent it from achieving its objectives and successfully implementing its strategies. For that reason the Board of Directors, aware of the importance of this aspect, encourages the implementation of the necessary mechanisms for the significant risks to be correctly identified, managed and controlled.

According to the above, any activity aimed to control and mitigate the risks will be subject to the following basic principles of procedure:

a) Integration of the risk-opportunity vision into the Company's management and strategy.

b) Implementation of an appropriate separation of duties while ensuring an adequate level of independence.

c) Ensuring the appropriate use of hedging instruments.

d) Information on the risks faced by the Group and of the systems implemented to mitigate them.

e) Adjusting the Group's risk policy to all the specific policies which need to be developed in regards to risks.

f) Ensuring the appropriate compliance with the rules of corporate governance.

g) Acting at any and all times in accordance with the rules of law and the Corporate Code of Ethics and Conduct.

Regardless of the above, the Group, being aware of their importance, has been taking the appropriate measures concerning the main financial risks: market risk (including exchange rate risk) and liquidity risk. The overall Group's risk management programme is centred on the uncertainty of the financial markets and attempts to minimise the potential adverse effects on its financial profitability.

Interest rate risk

The fluctuations in interest rates modify the fair value of the financial assets and liabilities on which a fixed interest rate is accrued as well as the cash flows from the financial assets and liabilities indexed to a floating interest rate, and, accordingly, they impact both net equity and net income, respectively.

Any rise of interest rates would increase the Group's financial expenses related to the part of its debt indexed to a floating interest rate, which would be mitigated by the interest rate hedging policy.

The purpose of interest rate risk management is to maintain a balance between floating and fixed rates on debt in order to reduce the costs of borrowings within the established risk parameters.

On the entirety of the issued bonds an interest at a fixed rate is accrued (Note 14). Furthermore, the Audax Renovables Group uses financial swaps to manage its exposure to interest rate fluctuations.
The structure of Obligations and amounts owed to credit institutions as at 31 December 2020 and 31 December 2019, taking into account the hedges through derivative contracts, is as follows:

	At 31.12.2020	At 31.12.2019
Fixed interest rate	546,737	256,070
Floating interest rate	97,128	72,323
Total	**643,865**	**328,393**

The floating interest rate is subject mainly to the fluctuations of the European Interbank Offered Rate (Euribor). The sensitivity of the income to the fluctuation in interest rates is as follows:

	Interest rate increase /(decrease)	Effect on profit and loss before tax
2020	10%	(233)
	(10%)	233
2019	10%	(234)
	(10%)	212

This effect does not include the impact that would result from interest rate fluctuations on asset impairments, considered in Note 5.

Exchange rate risk

The variations in exchange rates can affect the fair value of the investments and of the debt denominated in non-local or non-functional currencies and the transactions and investments denominated in non-euro currencies, and, accordingly, the counter-value of net equity and net income.

The main non-euro currencies with which the Audax Renovables Group operates in 2020 and 2019 are the US dollar, the Polish zloty and the Hungarian forint.

Commodity price of electricity risk

The Audax Renovables Group is exposed to the risk of fluctuations in commodity prices given that its sales are linked to the price of electricity.

In certain countries where the Group operates in the activity of energy generation the remuneration obtained by the Company comprises a regulated component and a component linked to the market price. In such countries there is the risk of the regulatory component not being able to compensate entirely the fluctuations of the market prices and, therefore, there is the risk of the total remuneration being volatile.

Furthermore, it is impossible to ensure that the market prices will be maintained at the levels which would enable the Group to attain desirable profit margins and investment recovery levels. A reduction of the prices below those levels could have a significant adverse effect on the business, the financial situation and the results of the Company's operations.

In order to mitigate the electricity price volatility risk the Group holds long-term power purchase agreements (Note 19), as well as derivative hedging contracts (Note 9).

The sensitivity of net income to the variation in commodity prices, taking as a reference the sale price of electricity in the daily electricity market and the received remunerations to the investments, is as follows:

	Energy price increase /(decrease)	Effect on profit and loss before tax
2020	10%	(1,072)
	(10%)	1,072
2019	10%	(725)
	(10%)	725

This effect does not include the impact that would result from fluctuations in the electricity sale price on asset impairments, considered in Note 5.

Credit risk

The credit risk lies in that the counterparty to an agreement might fail to fulfil their contractual obligations, thus bringing about economic or financial loss. The counterparties can be end customers or providers, counterparties on financial markets or on commodity markets, partners.

The Group, even though it has no significant credit risk concentrations in the energy retailing activity, does keep policies to ensure that the energy is sold to the clients with appropriate credit history, e.g. sales carried out through analysis of client scoring before signing the contract.

The designation of an existing credit risk as bad debt is established according to the implemented accounting principles (Note 2) based on an estimate of expected loss. In addition, in Spain a complementary individual analysis is carried out for the unpaid credits older than 180 days, clients in state of insolvency as well as the clients with relevant proceedings initiated against them.

As at 31 December 2020 the provision for bad debts reached the amount of EUR 27,540 thousand (EUR 19,817 thousand as at 31 December 2019).

In order to mitigate the credit risk arising from commercial positions, the Group holds bad debt insurance policies. Moreover, in order to mitigate the credit risk arising from financial positions, the Group holds derivative contracts and cash surpluses are invested in high solvency banks and financial institutions limiting the time horizon of the open positions as well as the credit quality of the counterparties in financial transactions.

On 31 December 2020 and 2019 the Group did not have significant credit risk concentrations.

Liquidity risk

Prudent liquidity risk management derives from the need of financing the Group's activity by temporary differences between the needs and cash generation and involves maintaining sufficient cash and marketable securities and the availability of funding through a sufficient amount of committed credit facilities as well as sufficient ability to close out market positions.

Debt financing is an important source of finance for the Audax Renovables Group. The Group's aim, whenever possible, is to carry out its financing activities in a centralised way. However, circumstances may arise, under which the Group may consider it essential or more beneficial to have the financing available at the subsidiary level. This means that the majority of financing is carried out at the level of Audax Renovables, S.A. or through instruments with irrevocable guarantee granted by Audax Renovables, S.A.

Exposure to unfavourable situations on the capital or debt markets or the Group's own adverse economic and financial situation could potentially hinder or impede its ability to meet the financial needs necessary to properly conduct its business activities. The Group's liquidity policy is focused on ensuring fulfilment of the obligations to pay entered into, without resorting to obtaining funds on burdensome conditions. This prudent liquidity risk management derives from the need for financing the Group’s activity by temporary differences between the needs and cash generation and is based on divers management measures such as maintaining sufficient cash and marketable securities, the availability of funding through a sufficient amount of committed credit facilities, diversifying the maturity dates of the issued debt, as well as sufficient ability to close out market positions at a given moment.

Management follows up the liquidity reserve forecasts of the Group (which includes the availability of credit and cash or cash equivalents) on the basis of the expected cash flows. The schedule established for expected cash flows of financial debt (without taking into account financial interests) is included in Note 14, to which the payments corresponding to Trade and other payables maturing in 2020 should also be added (Note 16).

As at 31 December 2020 available liquidity amounts to EUR 368,234 thousand, which entirely belong to cash and other cash equivalents (EUR 150,784 thousand as at 31 December 2019).

Capital management

The purpose of capital risk management is to maintain an appropriate ratio between internal and external financing (financial liability).

The leverage ratio is as follows:

	At 31.12.2020	At 31.12.2019
Non-current financial liabilities		
Bonds and other negotiable securities	371,123	143,184
Financial liabilities to credit institutions	82,339	46,554
Lease liabilities	7,801	8,267
Other financial liabilities	4	19,171
Current financial liabilities		
Bonds and other negotiable securities	136,754	67,534
Financial liabilities to credit institutions	53,649	71,121
Lease liabilities	1,132	1,362
Other financial liabilities	554	546
Derivatives	2,451	7,928
Cash and other cash equivalents		
Other financial assets	(83,730)	(32,497)
Cash and other cash equivalents	(368,233)	(150,784)
Net financial debt:	**203,844**	**182,386**
Of the Parent Company (Note 12)	143,224	122,221
Of the minority interests (Note 12)	7,818	33,493
Net equity:	**151,042**	**155,714**
Leverage (Net financial debt / (Net financial debt + Net equity))	**57.4%**	**53.9%**

Net financial debt includes lease liabilities as a consequence of applying IFRS 16 in the amount of EUR 8,933 thousand (EUR 9,629 thousand as at 31 December 2019). If these liabilities were to be omitted, as at 31 December 2020 the net financial debt would be reduced to EUR 194,910 thousand (EUR 172,757 thousand as at 31 December 2019) and the leverage would be of 56.3% (52.6% as at 31 December 2019).

The financial assets as well as financial liabilities to Group companies or related companies have been excluded from net financial debt.

Guarantee terms risk

In order for the Group to be able to carry out its activity, it has to provide the guarantees connected to the electricity purchase. The guarantees are provided in the form of guarantees issued by a bank and/or an insurance company, some of which are secured by the positive net liquidity position of the Group.

Should the financial institutions that grant the guarantees decide to cancel them, the Group's retailing activity would become limited, which could, to some extent, affect its viability. Likewise, if those financial institutions modified substantially the terms of the guarantees they had granted (cost, validity, warranties, among others), such modification could affect the profitability of the Audax Renovables Group.

As at 31 December 2020 and 2019, the Group does not incur this risk, therefore it carries out its daily operations with perfect normality.

Access to finance

In the division of energy generation the development of the facilities under construction, owned by the Group, the financing conditions and the amount of own funds to be contributed by the Group depends on the availability of finance services and on the existence of loan on the loan market for financing the renewable energy projects.

Financing the renewable energy projects with loans may imply, as a guarantee for the financial institutions, the necessity to pledge all or some of the shares of the Audax Renovables Group's investee companies.

NOTE 18 – TAX SITUATION

The Parent Company, as well as other companies of the Group, are subject to Corporate Income Tax under the consolidated tax system, where Excelsior Times, S.L. is the head entity of the tax group.

Apart from Spain, the Group operates and pays taxes in Italy, the Netherlands, Poland, France, Germany and Portugal.

Deferred income taxes

The following table reflects the movement throughout 2019 and 2020 in deferred taxes:

	Balance 31.12.19	Recognitions	Derecognitions	Change to scope	Transfers	Translation differences	Balance 31.12.20
Deferred tax assets	7,390	1,519	(1,861)	1,172	-	(111)	8,109
Deferred tax liabilities	(17,637)	(626)	2,356	(723)	-	128	(16,502)
Total	**(10,247)**	**893**	**495**	**449**	**-**	**17**	**(8,393)**

	Balance 31.12.18	Recognitions	Derecognitions	Change to scope	Transfers	Translation differences	Balance 31.12.19
Deferred tax assets	5,461	5,040	(1,958)	(1,799)	639	7	7,390
Deferred tax liabilities	(29,755)	(659)	7,800	5,623	(639)	(7)	(17,637)
Total	**(24,294)**	**4,381**	**5,842**	**3,824**	**-**	**-**	**(10,247)**

Recognised deferred tax assets and liabilities have mostly an estimated term of reversal or realisation over 12 months.

The main deferred tax assets correspond to the recognition of tax receivables from losses for previous years, as well as temporary differences from recognised expenses that have not yet become tax-deductible. Likewise, in 2020 other deferred tax assets have been incorporated in the amount of EUR 1,120 thousand from the business combination of Audax Hungría (Note 2).

Deferred tax liabilities include mainly the tax effect of the purchase price allocation to certain intangible assets in business combination transactions, the most important of them being the tax deferred liability connected with the business combinations of Audax Netherlands B.V., which as at 31 December 2020 amounts to EUR 6,130 and of Unielectrica Energía S.A., amounting to EUR 6,866 thousand (Note 2).

The amount of deferred tax assets and deferred tax liabilities charged or credited to equity refer to the record of hedge derivatives and are as follows:

	Balance 31.12.20	Balance 31.12.19
Deferred tax assets	709	196
Deferred tax liabilities	(273)	(1,615)
Total	**436**	**(1,419)**

There are no significant deferred tax liabilities connected with temporary differences in shareholding in subsidiaries, investees, associate companies and joint ventures.

Corporate Income Tax expenses

The reconciliation between the applicable tax rate and the effective tax rate for the year 2020 and 2019 is as follows:

	2020	%	2019	%
Income before tax	**34,049**		**33,031**	
Theoretical tax	**8,512**	**25%**	**8,258**	**25%**
Tax difference foreign subsidiaries	67		7	
Non-deductible cost and other permanent differences	1,818		(297)	
Divestment and other tax recoveries	(303)		(2,044)	
Reversal of non-deductible impairment	5		(1)	
Recovery of tax losses carried forward, deductions and similar	(1,093)		(2,029)	
Incorporation of former tax groups to profit and loss	-		-	
Unrecognised tax credits	522		747	
Recognition of tax credits	-		(2,886)	
Negative differences in business combinations	(4,085)		-	
Other deferred tax adjustments	(989)		-	
Other adjustments	(575)		(62)	
	3,879		**1,693**	

The main components of the income tax expenses are the following:

	At 31.12.2020	At 31.12.2019
Current expenses for the year	7,115	6,663
Income from use of tax credits and tax losses carried forward	(1,093)	(2,029)
Recognition of tax credits	-	(2,886)
Deferred tax and others	(2,143)	(55)
Total	**3,879**	**1,693**

Tax loss carry-forward and other tax credits

As at 31 December 2020 the Group has unrecognised tax loss carry-forwards available for offset, amounting to EUR 192,943 thousand, as well as a tax credit from deferred tax asset amounting to EUR 4,777 thousand (EUR 4,983 thousand at 31 December 2019). The breakdown of these unrecognised credits is as follows:

	At 31.12.2020	At 31.12.2019
Tax loss carry-forward	55,904	35,650
Deferred tax assets	4,777	4,983
Total	**60,681**	**40,633**

In 2020 and in relation to these amounts, the Audax Renovables Group has recognised in the consolidated annual accounts a tax credit of EUR 2,563 thousand, corresponding to the tax credits whose recoverability has been considered highly probable. The breakdown of these unrecognised tax credits according to their origin as at 31 December 2020 is as follows:

	EUR thousands
Companies belonging to the Excelsior tax group	34,630
Other Spanish companies	909
Other foreign companies	25,142
Total	**60,681**

The tax recovery of these credits will be determined primarily by the nature of each credit, its geographical origin and specific limitations of each tax environment.

Under current tax legislation, a tax return cannot be considered definitive until it is verified by the tax authorities or the four-year limitation time has elapsed.

The consolidated companies that comprise the Group in Spain are opened to tax inspection for all applicable taxes for the last four years.

NOTE 19 – INCOME AND EXPENSES

Ordinary Income

The breakdown of ordinary income is as follows:

	2020			2019		
	Spain and Portugal	Rest of Europe	Total	Spain and Portugal	Rest of Europe	Total
Operating income						
Energy retailing	640,190	311,579	**951,769**	762,439	246,386	**1,008,825**
Energy generation	5,637	10,032	**15,669**	22,203	9,941	**32,144**
Total	**645,827**	**321,611**	**967,438**	**784,642**	**256,327**	**1,040,969**

The sales amount is recorded as income at the moment of delivery to the client according to the supplied quantities and including estimated supplied energy that has not yet been read on the customer's meters (see Note 10).

Procurement

The breakdown of procurement is as follows:

	2020			2019		
	Spain and Portugal	Rest of Europe	Total	Spain and Portugal	Rest of Europe	Total
Procurement and others						
Energy retailing	570,671	283,745	**854,416**	694,829	222,389	**917,218**
Total	**570,671**	**283,745**	**854,416**	**694,829**	**222,389**	**917,218**

The Parent Company has signed several long-term power purchase agreements with diverse non-related companies. Under these agreements the Company will purchase directly an expected aggregated maximum of energy of approximately 2.5 TWh/year. These agreements have an expected validity period of between 10 and 20 years and are subject to certain conditions. Given the nature of these agreements, the Group does not consider them to be financial derivatives.

Staff costs

The breakdown of staff costs for the year 2020 and 2019 is as follows:

	2020	2019
Wages and salaries	17,630	16,607
Employer contributions	4,251	3,877
Other social expenses	614	510
Total	**22,495**	**20,994**

The average number of employees for the years 2020 and 2019 is as follows:

	2020	2019
Senior Management*	3	3
Management	18	19
Leadership	29	30
Middle Management	47	55
Others	509	436
Total	**606**	**543**

* Including internal auditor

In accordance with the provisions of the Gender Equality Act, Organic Law 3/2007/22 March, published in the Official State Gazette of 23 March 2007, the average number of employees of the Audax Renovables Group at the end of 2020 and 2019 broken down by category and gender is as follows:

	31.12.2020		31.12.2019	
	Women	**Men**	**Women**	**Men**
Senior Management*	1	2	2	1
Management	1	16	4	16
Leadership	12	16	14	17
Middle Management	22	18	39	17
Others	417	252	231	203
Total	**453**	**304**	**290**	**254**

* Including internal auditor

The average number of employees with a disability equal to or greater than 33% (or equivalent local qualification) during the years 2020 and 2019, by category, is as follows:

	Average number	
	2020	**2019**
Others	7	6
Total	**7**	**6**

Other operating expenses

The breakdown of Other operating expenses in the years 2020 and 2019 is as follows:

	2020	**2019**
Leases (note 25)	220	431
Repairs and maintenance	2,917	4,067
Counselling services	8,201	7,043
Insurance premiums and commissions	2,641	2,480
Supplies and other services	2,090	2,256
Other operating expenses	7,775	7,710
Taxes	8,590	9,816
Loss, impairment and change in provisions	9,862	3,471
Total	**42,296**	**37,274**

NOTE 20 – NET FINANCIAL INCOME (EXPENSE)

The breakdown of this account in the consolidated profit and loss statement for the years 2020 and 2019 is as follows:

	2020	2019
Financial income from shareholding in third parties	10	103
Financial income from group companies receivables	3,894	3,464
Financial income from third party receivables	476	438
Financial expenses arising from bond issuing	(7,755)	(6,045)
Financial expenses from debt and other financial cost	(9,969)	(13,445)
Impairment and profit (loss) on disposal of financial instruments	227	1,662
Change in fair value of financial instruments	-	25
Exchange differences	431	(106)
Financial profit (loss)	**(12,686)**	**(13,904)**

NOTE 21 – CASH FLOWS

Cash flows from operating activities

The composition of the cash generated in operating activities in 2020 and 2019 is as follows:

	2020	2019
Cash flows from operating activities		
Profit (loss) for the year before tax	**34,049**	**33,031**
Adjustments to results	**19,085**	**38,471**
Amortisation and depreciation	19,654	26,228
Valuation adjustments due to impairment	7,723	5,304
Changes in provisions	210	(3,468)
Allocation of subsidies	(264)	-
Profit (loss) on derecognition and disposal of fixed assets	(7)	(4,947)
Profit (loss) on derecognition and disposal of financial instruments	(227)	(27)
Financial income	(4,380)	(4,005)
Financial expenses	17,724	19,490
Exchange differences	(431)	106
Changes in fair value of financial instruments	(4,628)	(25)
Negative consolidation difference	(16,341)	-
Other income and expenses	52	(185)
Changes in working capital	**35,842**	**629**
Inventory	354	2,701
Accounts receivable	3,517	(17,578)
Other current assets	(16,238)	(6,763)
Accounts payable	(6,638)	2,223
Other current liabilities	15,316	21,239
Other non-current assets and liabilities	39,531	(1,193)
Other cash flows from operating activities	**(13,388)**	**(16,132)**
Payments of interest	(13,874)	(19,699)
Collections of interest	486	3,567
Cash flows from operating activities	**75,588**	**55,999**

NOTE 22 – INFORMATION ON RELATED PARTY TRANSACTIONS

Related parties are:

a) Significant shareholders of Audax Renovables, S.A., meaning those who directly or indirectly hold an interest equal to or exceeding 3%, as well as shareholders which, while not being significant, have exercised the power to appoint a member of the Board of Directors:

   According to the above definition, Eléctrica Nuriel, S.L.U. is considered to be a related party.

b) The Directors and Senior Management of any company belonging to the Audax Renovables Group and their immediate families, “Directors” meaning members of the Board of Directors, and “Senior Management” meaning people who report directly to the Company’s Board of Directors or its Chief Executive Officer and, at all events, its internal auditor. Transactions with the Directors and senior management of the Audax Renovables Group are disclosed in Note 23.

c) All the companies belonging to the Excelsior Group.

The transactions between related companies have been carried out at arm's length.

The transactions involving services rendered between Group companies have been objective and unbiased and carried out at arm's length, based on the incremental cost system, under which the estimated cost plus a margin has been allocated to the different Group or related companies. Thus, the costs shared by the Parent Company and other Group companies are distributed and charged by project and activity, based on parameters of activity and hourly charges (using periodical slips per employee). Detailed definitions of the services and remits to be carried out are prepared, and the average indicators used to calculate the charges are determined.

Moreover, the loans that the Parent Company has extended to the Group companies, associates or multi-group companies accrue financial interest based on a market rate.

The balances and transactions carried out in the years 2020 and 2019 between Audax Renovables, S.A. and its subsidiaries and the related parties are as follows:

a) Balances with related parties:

Accounts payable and receivable with related parties as at 31 December 2020 and 31 December 2019 are as follows:

2020	**Group companies**	**Other related parties**	**Total**
Loans and receivables			
Loans (Note 8)	653	11,471	12,124
Total non-current assets	653	11,471	12,124
Trade and other receivables			
Short-term receivables from group companies and associates	95	-	95
Loans and receivables			
Loans (Note 8)	152	-	152
Other financial assets			
Total current assets	247	-	247
Total assets	**900**	**11,471**	**12,371**
Long-term payables to group companies and associates	-	525	525
Total non-current liabilities	-	525	525
Short-term payables to group companies and associates	44,253	(26)	44,227
Trade and other payables			
Short-term payables to suppliers, group companies and	196	-	196
Total current liabilities	44,449	(26)	44,423
Total liabilities	**44,449**	**499**	**44,948**

2019	Group companies	Other related parties	Total
Loans and receivables			
Loans (Note 8)	55,412	11,341	66,753
Total non-current assets	55,412	11,341	66,753
Trade and other receivables			
Short-term receivables from group companies and associates	391	-	391
Loans and receivables			
Loans (Note 8)	49	-	49
Other financial assets			
Total current assets	440	-	440
Total assets	**55,852**	**11,341**	**67,193**
Long-term payables to group companies and associates	-	434	434
Total non-current liabilities	-	434	434
Short-term payables to group companies and associates	28,407	(19)	28,388
Trade and other payables			
Short-term payables to suppliers, group companies and	135	-	135
Total current liabilities	28,542	(19)	28,523
Total liabilities	**28,542**	**415**	**28,957**

The balances of 2020 related to loans and non-current receivables with group companies principally come from the loans granted by subsidiaries of Audax Renovables, S.A. to Excelsior Times, S.L.U. in the amount of EUR 517 thousand. As at 31 December 2019 the balance corresponded mainly to the loans granted by Audax Renovables, S.A. and other companies of the Group to Excelsior Times, S.L in the amount of EUR 55,283 thousand.

Over the year 2020 there has been an inflow of EUR 9,038 thousand from the repayment of a loan granted to Excelsior Times, S.L. by Explotación Eólica a Pedrera, S.L.

Loans and non-current receivables with other related parties include loans granted to the companies incorporated by the equity method and other investee companies which do not comprise the Group, in the amount of EUR 11,471 thousand (EUR 11,341 thousand as at 31 December 2019).

In 2020 the Parent Company acquired from the company Eléctrica Nuriel S.L. non-controlling interests in Eryx Investments 2017, S.L.U. and Fox Energía, SA (Note 2). Moreover, Eléctrica Nuriel made several contributions to Audax Renovables, S.A. in the form of credit.

On the other hand, Audax Renovables, S.A. acquired from Audax Fotovoltaica, S.L. a group of companies for the amount of EUR 66,225 thousand (Note 2).

Over the year 2020 debt settlements between Audax Renovables and various companies from the Excelsior Group were carried out in order to offset the payables of Audax Renovables towards the companies Eléctrica Nuriel S.L and Audax Fotovoltaica, S.L., originating from previous transactions, with other loans which Audax Renovables, S.A. had granted to Excelsior Times, S.L.

After these settlements, the balance as at 31 December 2020 of Current payables to group companies correspond principally to the payables of Audax Renovables, S.A. to Eléctrica Nuriel, S.L. in the amount of EUR 39,781 thousand and to other payables of the group companies to Excelsior Times, S.L.U. in the amount of EUR 3,712 thousand (EUR 18,937 thousand as at 31 December 2019).

b) Related party transactions

The amounts of the related party transactions are as follows:

2020	Group companies	Other related parties	Total
Income and similar			
Net sales	442	29	471
Services rendered	383	6	389
Financial Instruments			
Financial income	3,894	-	3,894
Total income	**4,719**	**35**	**4,754**
Expenses and similar			
Purchases	190	-	190
Purchase of shares	105,233	-	105,233
Purchase of fixed assets	-	81	81
Other received services	2,542	-	2,542
Total Expenses	**107,965**	**81**	**108,046**

2019	Group companies	Other related parties	Total
Income and similar			
Net sales	8,055	9	8,064
Sale of fixed assets	1,170	-	1,170
Services rendered	489	38	527
Financial Instruments			
Financial income	3,449	9	3,458
Total income	**13,163**	**56**	**13,219**
Expenses and similar			
Purchases	4,232	-	4,232
Purchase of shares	14,142	-	14,142
Purchase of fixed assets	-	322	322
Other received services	2,609	210	2,819
Financial Instruments			
Financial expenses	430	-	430
Total Expenses	**21,413**	**532**	**21,945**

"Purchase of Shares" in the year 2020 includes the acquisition of photovoltaic projects by Audax Renovables, S.A. from Audax Fotovoltaica, S.L. for the total amount of EUR 66,225 thousand (EUR 14,142 thousand in the year 2019) as well as the purchase of non-controlling interests from Eléctrica Nuriel, S.L. for the total amount of EUR 39,008 thousand (see note 2.5.b).

In the year 2020 there were no transactions entered into with Directors and senior management, nor there were such transactions in the year 2019.

NOTE 23 - INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration of the members of the Board of Directors

The Ordinary Meeting of Shareholders of the Parent Company, held on 29 April 2019, approved, in accordance with the previous report of the Appointments and Remuneration Committee, an amendment to the Group's current board members remuneration policy applicable in the years 2019, 2020 and 2021.

The Company's remuneration policy is designed to reward dedication, qualification and responsibility required by the office of Director, without compromising their independence. The remuneration comprises the performance of duties either individually or jointly and the oversight and responsibility required by the office.

The remuneration comprises (i) a monetary remuneration which the directors may receive for their attendance at the meetings of the Board of Directors, of the Audit Committee and of the Appointments and Remuneration Committee, as appropriate, in accordance with the criteria established in the remuneration policy; and (ii) a monetary remuneration for the directors who were given executive duties. Moreover, there is a remuneration for coordination duties, paid to the coordinating director of the Parent Company.

In the year 2020 the amount accrued by all the members of the Board of Directors of Audax Renovables, S.A. was of EUR 373 thousand (EUR 153 thousand in 2019) for their membership of the Board and its various Delegated Committees, as well as remuneration for their employment relationship or direct responsibilities at different executive levels, where appropriate.

In the year 2020 the expenses for civil liability insurance premium of the Directors and Senior Management amount to EUR 47 thousand (EUR 42 thousand in 2019).

As at 31 December 2020 the Board of Directors of the Parent Company is composed of 5 men.

Other information on Directors

Article 229 of the Spanish Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010 of 2 July 2010, has imposed on Directors, or their individual representatives, the duty to report to the Board of Directors, and failing that, the other Directors, or, in the case of a Sole Administrator, the General Meeting of Shareholders, any direct or Indirect conflict of interest they may have with the Company. The affected Director must abstain from intervening in the resolutions or decisions on the operation to which the conflict refers.

In this respect, it should be noted that in the year 2020, the director Rubén Clavijo entered into related party transactions, in an indirect way, through his shareholding in the company Enercapital Development, S.L. on photovoltaic projects of subsidiaries of Audax Renovables, S.A., of a total amount of EUR 81 thousand (EUR 322 thousand in the year 2019). The total commitment of the Group for these projects amounts to EUR 21,820 thousand and 940 MWp (EUR 2,520 thousand and 140 MWp in the year 2019) which will be paid at the completion of certain milestones.

Additionally to the information of the previous paragraph, in the years 2020 and 2019 no contracts were terminated, amended or early extinguished between the Company and any of its shareholders or Board members or persons acting on their behalf, which would concern transactions beyond the usual scope of the Company's business activity, or which would be entered into on terms different than usually.

Likewise, it should be underlined that the rest of the Directors have declared that they are not subject to any direct or indirect conflict of interest with the Parent Company and its subsidiaries.

Management's remuneration

The remuneration charged for all kinds of reasons in the year 2020 by the Senior Management amounted to EUR 328 thousand (EUR 343 thousand for the year 2019). Furthermore, there is one contract which establishes the right to receive a severance payment, higher than the legally established amount, in the event of termination of the employment relationship for certain reasons.

As at 31 December 2020 the Senior Management of the Group is made up of one woman and two men, including the internal auditor (two women and one man in 2019, including the internal auditor).

NOTE 24 - AUDITORS' FEES

The professional fees for the services rendered by the audit company KPMG Auditores, S.L. in auditing the annual consolidated financial statements of the Group in the years ended on 31 December 2020 and 2019, regardless of the moment of invoicing, are as follows:

	EUR thousands	
	2020	**2019**
Audit services	308	271
Other services	151	80
Total	**459**	**351**

Furthermore, in the years ended on 31 December 2020 and 2019 the Group was invoiced for net professional fees of other entities associated to KPMG International, according to the following breakdown:

	EUR thousands	
	2020	**2019**
Audit services	149	149
Other services	320	173
Total	**469**	**322**

On the other hand other auditors have invoiced the Group in the year ended on 31 December 2020 for net fees for professional services in the amount of EUR 82 thousand (EUR 14 thousand as at 31 December 2019).

NOTE 25 – COMMITMENTS AND CONTINGENCIES

Guarantees with third parties

As at 31 December 2020 the Group has been given bank guarantees amounting to EUR 157,887 thousand (EUR 80,177 thousand as at 31 December 2019) to cover the relevant obligations with third parties. The guarantees have been granted mainly to cover the transactions of electricity purchase on the market.

The Group does not expect that significant liabilities arise from the guarantees and sureties that have been granted.

Apart from the guarantees or bank guarantees which the Group provides in order to carry out its activity, there are pledges and limitations to the cash disposition, related to the existence of various deposits in the amount of EUR 59,616 thousand (EUR 11,386 thousand as at 31 December 2019), which are pledged to two financial institutions and are classified as current financial assets.

Contractual commitments

From the year 2019, the Group applies the new IFRS 16, which eliminates the classification between operating leases and finance leases, recognised in the balance sheet as the right-of-use assets and liabilities of the same amount at present value of the future payments to be made over the lease term (Note 14.).

This way, the future lease payments are recognised in the Balance sheet under the "Lease liabilities" heading.

Contingencies

The Audax Renovables Group considers that the provisions and value adjustments recorded in theses consolidated annual accounts adequately cover the risks related to any possible contingencies and therefore, it does not expect that they will generate any liabilities or value adjustments other than those which have been recorded (Note 13).

NOTE 26 - ENVIRONMENT

Environmental aspects are borne in mind throughout the processing and construction of facilities, and all necessary studies required under the legislation of each country are prepared.

In the year 2020 and in relation to the operating facilities, the Group incurred environmental expenses amounting to EUR 71 thousand, mainly for wildlife conservation purposes (EUR 121 thousand in 2019).

NOTE 27 – GREENHOUSE GAS EMISSIONS RIGHTS

On 27 August 2004 Royal Decree Law 5/2004, which regulates the regime for trading in greenhouse gas emissions rights, was adopted, the objective of which was to assist in complying with the obligations under the Kyoto Protocol Convention.

The Group has not been assigned CO2 emissions and has no expenses arising from the consumption of these rights. The Management of the Audax Renovables Group does not expect that any penalties or contingencies will arise from compliance with the requirements under Law 1/2005.

The wind farm of the Polish company Eólica Postolin Sp. z o.o. was endorsed to obtain Green Certificates. The volume of Green Certificates generated during the year 2020 by the company amounts to EUR 3,173 thousand (EUR 3,234 thousand in the previous year).

NOTE 28 - SUBSEQUENT EVENTS

In January and February 2021 Audax Renovables acquired the companies Centauro Energía Solar, S.L., Tohora Solar inversiones, S.L. and Tarakona Solar inversiones, S.L. for the total amount of EUR 2,483 thousand from the companies Idena Solar, S.L. and Energy Pool España, S.L. The main object of the acquired companies involves development, construction and operation of photovoltaic power generation projects.

In January 2021 the owners of the children's fashion company Mayoral, through the company Global Portfolio Investments, S.L., acquired 5.8% of Audax Renovables, S.A. for over €56M, at the price of €2.20 per share. The purchase of shares was made through the sale by Eléctrica Nuriel, SLU, the main shareholder of Audax Renovables, S.A.

APPENDIX I: AUDAX RENOVABLES GROUP COMPANIES

AUDAX RENOVABLES GROUP COMPANIES AS AT 31 December 2020

a) Shareholdings in subsidiary companies

Audax Renovables, S.A. has a controlling shareholding in the following companies:

				Shareholding	
Company name	**Registered address**	**Country**	**Objects**	**Direct**	**Indirect**
Generación Iberia, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	100%	-
Audax Energia, S.R.L.	Via Candiolo, 2, 10048 Vinovo (Torino) Italia	Italy	Retailing	100%	-
Audax Energie, Gmbh	Otto Franke Strabe, 97, 12489 Berlin, Germany	Germany	Retailing	100%	-
Audax Energía Sp. z o.o.	ul. Żurawia 6/12, 00-503 Warsaw	Poland	Retailing	100%	-
Main Energie, B.V.	Stammerkamp 1 1112 Ve Diemen (The Netherlands)	the Netherlan	Retailing	100%	-
E.ON Energiakereskedelmi Kft	Vaci ut 17, H1134 Budapest (Hungary)	Hungary	Retailing	100%	-
Eólica El Pedregoso, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	80%	-
Eólica del Pino, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	80%	-
Eoliennes De Beausemblant, S.A.S.	1 Chemin Lavigne 64800 Mirepeix (France)	France	Generation	80%	-
Eólica Postolin Sp. z o.o.	ul. Libelta 2/1, 85- 080 Bydgoszcz, Poland	Poland	Generation	100%	-
Eolica Warblewo Sp. z o.o	ul. Libelta 2/1, 85- 080 Bydgoszcz, Poland	Poland	Generation	65%	-
Audax Solar SPV IV, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV VI, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV VII, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV IX, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV X, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV XXVI, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Aznalcóllar Solar, S.A.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Solar Buaya Inversiones, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Corinto Solar, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Botey Solar, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Corot Energía, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Las Piedras Solar, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Da Vinci Energía, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Elogia Calañas, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	100%	-
ADS Energy 8.0., S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	100%	-
Masqluz 2020, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	75%	-
Alset Comercializadora, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	75%	-
By Energyc Energía Eficiente, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	75%	-
Love Energy, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	75%	-
Energía Ecológica Económica, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	75%	-
Feed Energía, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	75%	-
Eryx Investments 2017, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Retailing	100%	-
Unieléctrica Energía, S.A.	Avenida Brillante 114, Córdoba	Spain	Retailing	-	100%
Explotación Eólica La Pedrera, S.L.U.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Generation	-	100%
Fox Energía, SA	Avda. Alcalde Lorenzo Carbonell 18, local, Alicante	Spain	Retailing	20%	69%
Nabalia Energía 2.000, S.A.	Plaça Urquinaona 7, Barcelona (Barcelona)	Spain	Retailing	-	58%
Acsol Energía Global, S.A.	Rd de Europa 60 (edificio Eurocentre), Vilanova i la Geltrú (Barcelona)	Spain	Retailing	-	63%
Vivo Energía Futura, S.A.	Avda. San Salvador 18, local, Badalona (Barcelona)	Spain	Retailing	-	63%
Iris Energía Eficiente, S.A.	Calle Castellón 4 Bajo, Local 1, Orihuela (Alicante)	Spain	Retailing	-	67%
Cima Energía Comercializadora, S.L.	Avenida Portugal, 27 4 º - oficina 8. 26001, Logroño, La Rioja	Spain	Retailing	-	68%
Ahorre Luz Servicios Online, S.L.	Plaza Urquinaona número 7 Barcelona	Spain	Retailing	-	58%
Propensalternativa Unipessoal, LDA	Avda. das Naçoes Unidas, 23, Telheiras,1600531 Lisboa (Portugal)	Portugal	Retailing	-	58%

b) Shareholdings in associated companies and joint ventures

				Shareholding		
Company name	**Registered address**	**Country**	**Objects**	**Direct**	**Indirect**	**Controlling relation**
Parque Eólico Toabré, S.A.	Cincuenta, edificio 2000, 5a planta Ciudad de Panamá, PANAMÁ	Panama	Wind	30.00%	-	Significant influence

AUDAX RENOVABLES GROUP COMPANIES AS AT 31 December 2019

a) Shareholdings in subsidiary companies

Audax Renovables, S.A. has a controlling shareholding in the following companies:

				Shareholding	
Company name	**Registered address**	**Country**	**Objects**	**Direct**	**Indirect**
ADS Energy 8.0., S.L.U.	Calle Ramón Rubial 6- 8, 08911 Badalona (Barcelona)	Spain	Retailing	100%	-
Propensalternativa Unipessoal, LDA	Avda. das Naçoes Unidas, 23, Telheiras,1600531 Lisboa (Portugal)	Portugal	Retailing	-	100%
Generación Iberia, S.L.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Retailing	100%	-
Audax Energia, S.R.L.	Via Candiolo, 2, 10048 Vinovo (Torino) Italia	Italy	Retailing	100%	-
Audax Energie, Gmbh	Otto Franke Strabe, 97, 12489 Berlin, Germany	Germany	Retailing	100%	-
Audax Energía Sp. z o.o.	ul. Żurawia 6/12, 00-503 Warsaw	Poland	Retailing	100%	-
Main Energie, B.V.	Stammerkamp 1 . 1112 Ve Diemen (The Netherlands)	the Netherlan	Retailing	72%	-
Eólica El Pedregoso, S.L.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	80%	-
Eólica del Pino, S.L.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	80%	-
Entreyeltes 1, S.L.	Calle Farmaceutico Obdulio Fernandez 11, Bajo (Burgos)	Spain	Generation	51%	-
Castellwind 03, S.L.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	60%	-
Fersa Asesoramiento y Gestión, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Eoliennes De Beausemblant, S.A.S.	1 Chemin Lavigne 64800 Mirepeix (France)	France	Generation	80%	-
Eólica Postolin Sp. z o.o.	ul. Libelta 2/1, 85- 080 Bydgoszcz, Poland	Poland	Generation	100%	-
Eolica Warblewo Sp. z o.o	ul. Libelta 2/1, 85- 080 Bydgoszcz, Poland	Poland	Generation	65%	-
Audax Solar SPV IV, SLU	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV VI, SLU	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Audax Solar SPV IX, SLU	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Aznalcóllar solar, S.L.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%	-
Botey Solar, S.L.	Avenida Republica Argentina 37, 4º dcha - 41011 Sevilla	Spain	Generation	100%	-
Corot Energía, S.L.	Avenida Republica Argentina 37, 4º dcha - 41011 Sevilla	Spain	Generation	100%	-
Las Piedras Solar, S.L.	Avenida Republica Argentina 37, 4º dcha - 41011 Sevilla	Spain	Generation	100%	-
Da Vinci Energía, S.L.	Avenida Republica Argentina 37, 4º dcha - 41011 Sevilla	Spain	Generation	100%	-
Elogia Calañas, S.L.	Calle Velázquez, 150, 5º - Madrid	Spain	Generation	100%	-
Eryx Investments, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Retailing	80%	-
Unieléctrica Energía, S.A.	Avenida Brillante 114, Córdoba	Spain	Retailing	-	80%
Explotación Eólica La Pedrera, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	-	80%
Fox Energía, SA	Avda. Alcalde Lorenzo Carbonell 18, local, Alicante	Spain	Retailing	-	55%
Nabalia Energía 2.000, S.A.	Plaça Urquinaona 7, Barcelona (Barcelona)	Spain	Retailing	-	46%
Acsol Energía Global, S.A.	Rd de Europa 60 (edificio Eurocentre), Vilanova i la Geltrú (Barcelona)	Spain	Retailing	-	51%
Vivo Energía Futura, S.A.	Avda. San Salvador 18, local, Badalona (Barcelona)	Spain	Retailing	-	51%
Iris Energía Eficiente, S.A.	Avda. Miguel de Cervantes 23, Murcia	Spain	Retailing	-	54%
Cima Energía Comercializadora, S.L.	Avenida Portugal, 27 4 º - oficina 8. 26001, Logroño, La Rioja	Spain	Retailing	-	41%
Ahorre Luz Servicios Online, S.L.	Plaza Urquinaona número 7 Barcelona	Spain	Retailing	-	46%

b) Shareholdings in associated companies and joint ventures

				Shareholding		
Company name	**Registered address**	**Country**	**Objects**	**Direct**	**Indirect**	**Controlling relation**
Parque Eólico Toabré, S.A.	Cincuenta, edificio 2000, 5a planta Ciudad de Panamá, PANAMÁ	Panama	Wind	30.00%	-	Significant influence

AUDAX RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR THE YEAR 2020

The following Consolidated Directors' Report for the Year 2020 has been drawn up in accordance with the "Guide for Setting up Listed Companies' Management Reports" issued by the CNMV.

1. Entity's situation

Audax Renovables, S.A. (hereinafter: Audax Renovables, Audax or the Company), incorporated in the year 2000 under the name of Fersa Energías Renovables, S.A., currently has its registered office at: Calle Temple No. 25, 08911 Badalona (Barcelona).

Audax and its Subsidiaries (hereinafter: the Group) operates on the markets in Spain, Portugal, Poland, Germany, Italy, France, the Netherlands, Panama and Hungary.

Its principal objects include:

- Development, construction and exploitation of all kinds of activities related to electricity generation from 100% renewable sources.

- Energy retailing, purchase and sale of electricity, including export and import, fuel retailing for energy production, natural gas retailing, CO2 emissions trading and telecommunications retailing; as well as all the necessary additional activities.

In 2003 the shares of Audax were admitted to trading on the secondary market of the Barcelona Stock Exchange and in 2007 they were included in the SIBE (integrated stock exchange system) of the Madrid Stock Exchange. Now the shares are traded on the Spanish Continuous Market with the ticker symbol of ADX.MC. From 23 March 2020 Audax Renovables, S.A. is included in the IBEX SMALL CAP ®.

In August 2016 Audax Energía, S.A., after its takeover bid had been accepted by 70.86% of the shareholders of Audax Renovables, became the majority shareholder the latter. The transaction was in line with the strategy of Audax Energía, S.A. of vertical integration between the generation and the retailing activities in order to mitigate the impact of electricity price fluctuations on the business margins.

On 25 January 2019 the Commercial Register in Barcelona registered the merger by absorption approved on 23 November 2018 by the board of directors of both companies, Audax Renovables, S.A. as the absorbing company, and Audax Energía, S.A. as the absorbed company.

The distribution of the share capital of Audax is as follows:

	Shareholding	
Shareholder	**31.12.2020**	**31.12.2019**
Eléctrica Nuriel, S.L.	72.09%	88.48%
Free float	27.91%	11.52%
Total	**100.00%**	**100.00%**

1.1 Organisational structure

The Group manages jointly the businesses of both generating renewable energy and retailing 100% renewable electricity, and gas, in order to optimise the vertical integration that has been carried out. This allows the governing bodies of the company to facilitate the decision-making process within the existing business lines.

The information on the entity's management structure, the functions and the different regulations of the Board of Directors' committees is available in the corporate governance report at the following link: https://www.audaxrenovables.com/en/corporate-governance-report/

1.2. Company's structure

The majority shareholder of Audax is Eléctrica Nuriel, S.L. with a shareholding of 72.09% (additionally, it has the right to purchase 10.86% of the shares), and the rest of shareholders hold 27.91%.

In turn, 100% of shares of Eléctrica Nuriel, S.L. belong to Excelsior Times, S.L.U. with its registered address at: Calle Temple No. 25, 08911 Badalona (Barcelona).

The information on the companies of the Audax Group as at 31 December 2020 is available in the Appendix I to the notes to the consolidated annual accounts.

1.3. Profile and strategy

The Group's strategy in recent years has been centred around three fundamental pillars:

(i). A strong process of internationalisation referred to the retailing activity by establishing the Group in different European countries: Portugal (2013), Italy (2014), Germany (2015), Poland (2016), the Netherlands (2017) and Hungary (2020).

(ii). A better positioning on the Spanish market by way of both organic and inorganic growth.

(iii). The maintenance, optimisation and development of the facilities for the generation of energy from 100% renewable sources, thus enabling the vertical integration with the retailing activity and consequently providing the customers with 100% renewable energy.

The main lines of action are the following:

1. To become the benchmark in 100% renewable energy generation by bolstering our project portfolio.

2. Strengthen Audax's leadership as the top independent retailer in the SME segment in Spain.

3. Double the profitability covering 2/3 of the energy supplied under long-term PPA contracts based on own and third parties' power generation plants.

4. Replicate the success achieved in Spain on the international markets where we already operate.

2. Business evolution and results

2.1. Significant events of the period

This management report must be viewed in the context of the exceptional circumstances of the COVID-19 pandemic. As a consequence, the results presented in it are influenced by the evolution of the markets where the Group operates, as well as by the measures taken in connection with the possible future economic impact, which has been limited to a reduced electricity and gas demand from our clients and to a lower average price.

The Company presents the reported results and the adjusted results for the present year. While the reported results are the standardised ones, the adjusted results include the provisions made for the impact of the COVID-19, exclude the companies which did not belong to the consolidation scope in the previous year (mainly the results of Hungary, incorporated in the last quarter of the present year) and exclude the assets sold in 2019, for the purpose of making them comparable to the same period of the previous year.

Audax Renovables ends the year 2020 with a Net Profit amounting to EUR 26,385 thousand in comparison to the profit of EUR 25,417 thousand for the same period of the previous year and the EBITDA (defined as the Operating income - Amortisation and depreciation) amounting to EUR 66,441 thousand.

Due to the crisis caused by the COVID-19, the Group has adopted various measures protecting the interests of the interest groups: employees, clients, suppliers and business partners as well as shareholders, and, in the broadest sense, the community in general, complying at all times with the measures published and recommended by the government.

In this respect, it should be mentioned that the Group acted ahead of time and reacted quickly to the new situation adopting diverse measures, such as:

- Employees: With the aim of preserving the health and safety, and protecting the work and family life balance of our employees, travelling was at first limited and, later on, entirely prohibited, training sessions on the subject of the pandemic were organised, and teleworking was coordinated and implemented, providing the employees with the necessary tools for their remote work, and in this way ensuring the normal operation of Audax.

- Customers: Certain measures were implemented, such as: energy and gas supply at cost to hotels, retirement homes and hospitals, deferral of invoice payment for sole traders and SMEs for 6 months following the end of the state of alarm - upon request and after meeting certain requirements, as well as no cut-off of electricity or natural gas supply to vulnerable or disadvantaged customers.

- Providers and business partners: In order to ensure full effectiveness, the use of digital signature became widespread, apart from maintaining constant contact with them. The construction works of the generation projects have not been significantly affected and the projects are expected to be put into operation rather without delays with respect to the dates which were initially planned.

All this is possible owing to the commitment and effort of all the employees, their health, safety and satisfaction being a priority for the Group.

The Group considers that the overall impact of the COVID-19 involves a decline in electricity and gas demand, as well as a lower price of both utilities in the market. The activities related to the power-generation project development and construction have not been significantly affected. On the other hand, there was no impact whatsoever on the investment and finance strategies of the Group in that period.

Among the most important events of the period we can point out the following:

- On 20 January Audax announced the commencement of the construction of the photovoltaic plant of Cañamares in the Fontanar municipality (Guadalajara, Castilla-La Mancha) with 5 MWp capacity. Furthermore, the Company announced the plan to sign an EPC contract and commence the construction of the photovoltaic plants Carolina I and II of 10 MWp together, both being located in the municipality of El Casar (Guadalajara, Castill-La Mancha).

- On 12 March the notice convening the General Meeting of Shareholders for the days of 16 or 17 of April of 2020 was published, but considering the uncertainty and the extraordinary circumstances caused by the propagation of COVID-19, the Board of Directors of the Company decided to call off the Meeting until further notice.

- On 30 March Audax registered a promissory note programme under the name of "Audax Promissory Note Programme 2020" on the Alternative Fixed-Income Market ("MARF"), with a maximum outstanding balance of EUR 200,000,000 and a maturity date on 30 March 2021.

- On 2 April the Company informed of the confirmation of its corporate rating. Audax Renovables, S.A. was awarded a "BBB-" stable outlook rating by the rating agency AXESOR.

- On 5 June the Company informed of the modification of he motion on 2019 profit distribution.

- On 9 July Audax Renovables announced the approval of its Reference Regulatory Framework for Green Financing after meeting the requirements established by the International Capital Markets Association (ICMA) and obtaining from the expert Vigeo Eiris the highest level of assurance.

- On 6 July the Company announced various programmes of debt issue. A Euro-Commercial Paper Programme (ECP), of a maximum outstanding amount of up to EUR 300,000,000 on the Irish Stock Exchange.

- On 9 July Audax sent the approved resolutions and the presentation of the General Meeting of Shareholders.

- On 8 September the first issue of green bonds was announced, in the amount of EUR 20 million, included in the fixed income bond programme registered in the MARF.

- On 28 September, Audax Renovables announced that, after the conditions precedent had been fulfilled, the purchase of 100% of shares of the share capital of the Hungarian company E.ON Energiakereskedelmi Kft. could be closed.

- At the end of October the beginning of the construction of 2 photovoltaic projects of 20 MWp was announced, one of the projects being located in the province of Toledo and the other one in Guadalajara.

- In December Audax announced the first issue of green bonds worth EUR 20 million, carried out under the Fixed Income Programme registered in the MARF in 2020, as well as the outcome of the swap of the bonds.

- On 29 December the commencement of the construction of a new photovoltaic plant of 4.48 MWp in the province of Huelva was announced.

2.2. Profit or loss for the financial year

The Company presents the reported results and the adjusted results for the present year. While the reported results are the standardised ones, the adjusted results include the provisions made for the impact of the COVID-19, exclude the companies which did not belong to the consolidation scope in the previous year (mainly the results of Hungary, incorporated in the last quarter of the present year) and exclude the assets sold in 2019, for the purpose of making them comparable to the same period of the previous year.

It should be noted that the Differences in business combinations show the difference between the price paid by Audax and the value of the assets and liabilities incorporated at fair value of the acquired subsidiary in Hungary. The difference arises as a result of E.on. Hungária Zrt.'s need to sell in order to meet certain requirements of the European Commission in the context of other corporate transactions carried out by the seller. The amount of this account is verified by the report issued by Ernst & Young Servicios Corporativos S.L. as an independent expert, who issued a report on measurement at fair value of certain assets and liabilities (Purchase Price Allocation) as a consequence of the acquisition of that company.

In accordance with the provisions of IFRS 3 the Group shall measure the final effect of a business combination within a period of twelve months. Given that the takeover took place in the last quarter of 2020 and due to the complexity of the paid price allocation process, the Group considers this allocation as provisional. The final recognition of this business combination will be carried out within the period of twelve months established by IFRS 3, which ends on 24 September 2021, based on the information, facts and circumstances existing at the date of the acquisition. Should any modification be applied to the provisional amounts, its effect will be recognised retroactively.

2.3. Analysis of the results

The most significant figures for the year 2020 in comparison to 2019 are as follows:

	reported			adjusted (1)		
Consolidated profit and loss	**2020**	**2019**	**Var. (%)**	**2020**	**2019**	**Var. (%)**
Operating income (2)	969,300	1,043,789	-7.1	864,188	1,027,668	-15.9
Gross margin (3)	114,884	126,571	-9.2	111,406	110,450	0.9
EBITDA(4)	66,441	73,250	-9.3	55,866	56,138	-0.5
EBIT(5)	46,787	47,022	-0.5	36,356	35,187	3.3
Profit or loss	**26,385**	**25,417**	**3.8**	**13,887**	**17,320**	**-19.8**

EUR thousand

(1) Consolidated profit and loss adjusted in 2020 by extraordinary provisions due to COVID-19 and the profit and loss of new companies and in 2019 by the sale of generation assets.

(2) Operating income = Ordinary income + other operating income

(3) Gross margin = Operating income + procurement

(4) EBITDA (Gross operating profit and loss) = Gross margin + wages and salaries + other operating expenses + impairment and profit or loss from sale + differences in business combinations

(5) EBIT (Operating profit or loss) = Gross operating profit or loss (EBITDA) + amortisation and depreciation

Due to the situation of COVID-19 pandemic, the operating income has decreased because of lower average prices on the national utilities market, electricity price being 22% lower than in the same period of the previous year, and gas price being 31% lower on the Spanish gas market. Likewise, on the other European markets where the Group operates the energy prices have also been substantially reduced in comparison to the same period of the previous year. Moreover, a decline in energy demand in all the European countries where the Group operates, which was due to the home confinement, also contributed to the decrease in the income.

The Group's EBITDA amounts to EUR 66.4 million, in comparison to EUR 73.2 thousand in the same period of the previous year, and in the reported form amounting to EUR 55.9 million in comparison to EUR 56.1 million of the previous year after the aforementioned adjustments for comparative purposes have been applied.

The reported EBITDA defined as operating profit or loss minus amortisation and depreciation includes in Operating expenses of 2020 additional provisions for delayed payments recorded prudently and in advance by the Group in the amount of EUR 4.7 million, which may be realised in the future due to the situation created by the COVID-19 pandemic. Moreover, it should be noted that the Differences in business combinations (within this reported EBITDA) show the difference between the price paid by Audax and the value of the assets and liabilities incorporated at fair value of the acquired subsidiary in Hungary for the amount of EUR 16.3 million.

The Audax Group closes the year 2020 with a Net Profit of EUR 26.4 million in comparison to the profit of EUR 25.4 million for the same period of the previous year, the adjusted Net Profit being of EUR 13.9 million for the year 2020 and of EUR 17.3 million for the year 2019.

2.4. Profit and loss by segments

The overview of the results up to EBITDA of the main geographical regions is as follows:

2020	reported			adjusted *		
	Spain and Portugal	Rest of Europe (1)	TOTAL CONSOLIDATED	Spain and Portugal	Rest of Europe (1)	TOTAL CONSOLIDATED
Operating income	647,363	321,937	969,300	647,095	217,093	864,188
Procurement and others	-570,671	-283,745	-854,416	-570,671	-182,112	-752,783
Gross margin	**76,692**	**38,192**	**114,884**	**76,424**	**34,981**	**111,406**
Operating expenses	-39,415	-25,376	-64,791	-34,757	-20,790	-55,547
Impairment, reversal and profit (loss) on disposal	-4	11	7	-4	11	7
Differences in business combinations	0	16,341	16,341	0	0	0
EBITDA	**37,273**	**29,168**	**66,441**	**41,663**	**14,203**	**55,866**

EUR thousand

Rest of Europe (1) includes Italy, Poland, Germany, France, the Netherlands and Hungary.

2019	reported			adjusted *		
	Spain and Portugal	Rest of Europe (1)	TOTAL CONSOLIDATED	Spain and Portugal	Rest of Europe	TOTAL CONSOLIDATED
Operating income	786,640	257,149	1,043,789	770,519	257,149	1,027,668
Procurement and others	-694,829	-222,389	-917,218	-694,829	-222,389	-917,218
Gross margin	**91,811**	**34,760**	**126,571**	**75,690**	**34,760**	**110,450**
Operating expenses	-41,079	-17,189	-58,268	-37,206	-17,189	-54,395
Impairment, reversal and profit (loss) on disposal	4,891	56	4,947	27	56	83
EBITDA	**55,623**	**17,627**	**73,250**	**38,511**	**17,627**	**56,138**

EUR thousand

Rest of Europe (1) includes Italy, Poland, Germany, France and the Netherlands.

The major difference between both periods stems from the market evolution in connection with the COVID-19 pandemic, from the purchase of the Hungarian subsidiary in the last quarter of 2020, as well as from the sale of assets in the previous year, making the operating income decrease at the reported level by 7% (and placing it at EUR 969.3 million), and the EBITDA decrease by 9% (to EUR 66.4 million) in comparison to the same period of the previous year.

However, the number of customers has increased by 52% in comparison to the same period of the previous year (without the customers provided by the Hungarian subsidiary, the increase was of 28%).

The Group's adjusted EBITDA amounts to EUR 55.9 million, compared to EUR 56.1 million in the same period of the previous year, lower only by 0.5% taking into account all the comparative adjustments mentioned before.

2.5. Principal operating figures

The principal figures are as follows:

Installed capacity and production:

Over the year 2020 and the beginning of 2021 Audax reshapes its strategy to become the benchmark in 100% renewable energy generation by bolstering its total project portfolio so that it reaches **2,498 MW**.

Taking into account the agreements secured at the closing date of the year ended on 31 December 2020, Audax's portfolio of renewable energy generation includes operating wind farms in Spain, France and Poland, of a total capacity of 91 MW. In Panama a wind farm of 66 MW is under construction, and in Spain the construction of photovoltaic power plants of 59 MW is in progress.

Moreover, there are projects of 2,282 MW of photovoltaic technology in different stages of development.

In summary, at the end of the year 2020 there are projects in the following stages:

MW	Early Stage	Grid Connection	Backlog	Under construction	Operation	Total pipeline	%
Spain	305	50	1,125	59	45	**1,584**	**63%**
Italy	79	123	0	0	0	**201**	**8%**
Portugal	397	204	0	0	0	**601**	**24%**
France	0	0	0	0	12	**12**	**0%**
Poland	0	0	0	0	34	**34**	**1%**
Panama *	0	0	0	66	0	**66**	**3%**
TOTAL	**781**	**376**	**1,125**	**125**	**91**	**2,498**	**100%**

* Audax holds a share of 30%

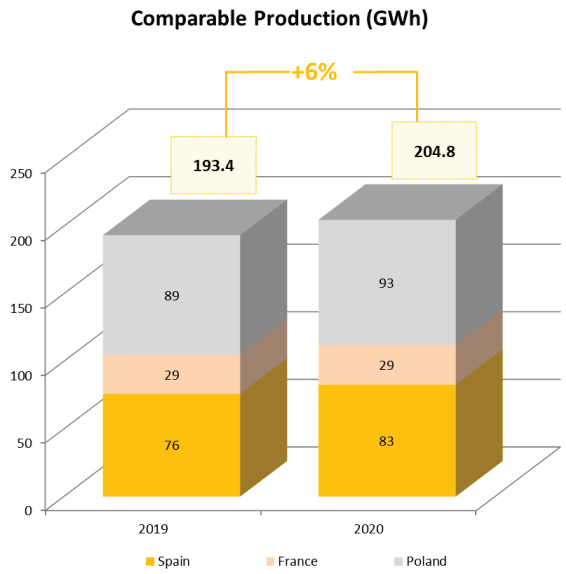
Early Stage	Connection point has been requested, and less than 50% of necessary land has been procured.
Grid Connection	The project has obtained grid connection, and at least 50% of the necessary land has been procured.
Backlog	Most of the permits have been requested.
Under construction	The project is in the stage of Ready to Build (RTB) or under construction.
Operation	The project is operating.

The production in 2020 has achieved 204.8 GWh, around 6% more than in the same period of the previous year, if we compare the data between the same operating power stations, with the excellent performance of the wind farm Postolin in Poland, which benefited from stronger wind resources making its production reach a historic high.

The distribution of the production by country is as follows:

Production (GWh)	2020	%	2019	%
Spain	**82.7**	41%	**247.9**	68%
France	**29.5**	14%	**28.9**	8%
Poland	**92.6**	45%	**88.5**	24%
Total	**204.8**	100%	**365.3**	100%

The comparable production described before in graphic form is as follows:

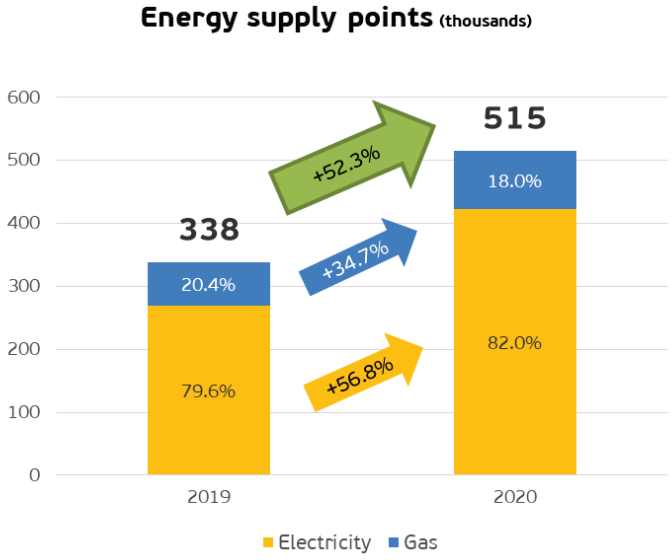


Supply points:

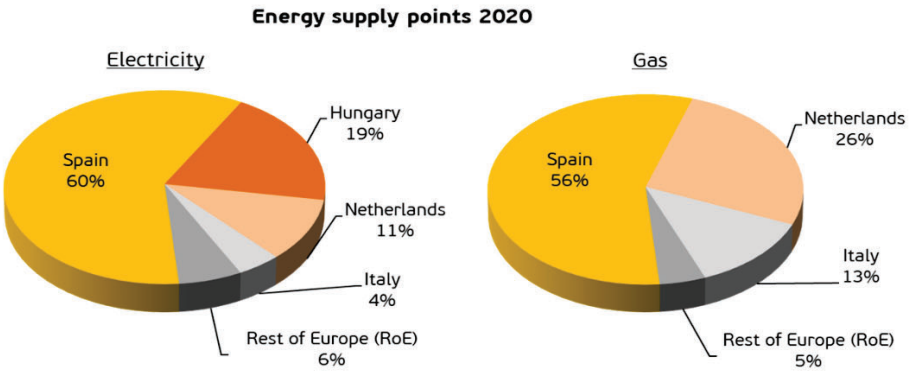
Audax has more than 515 thousand active supply points, some 52.3% more than at the end of 2019, due in part to the inclusion of 82 electricity supply points of the acquired company in Hungary. For comparative purposes, the increase in comparison to the same period of the previous year would be of 28.0%.

The electricity supply points account for 82.0% of the total number (79.6% in 2019), which in 2020 increased by 56.8%.

Gas supply points represent 18.0% of the total number (20.4% in 2019), which is 34.7% more in comparison to the same period of the previous year.



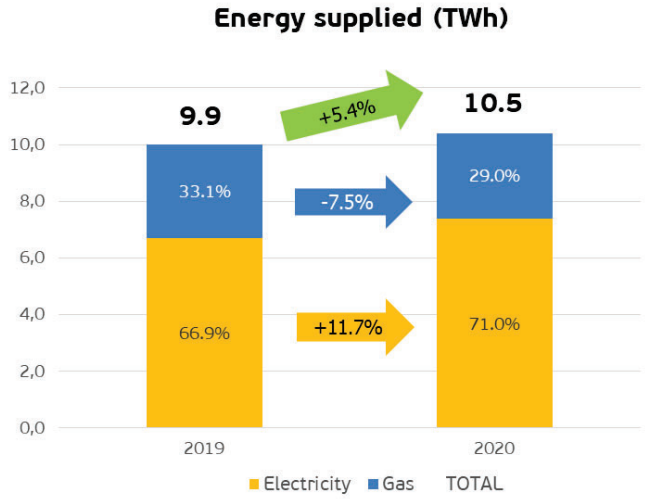
The distribution of the supply points by geographical region and type of energy at the end of the year 2020 is as follows:



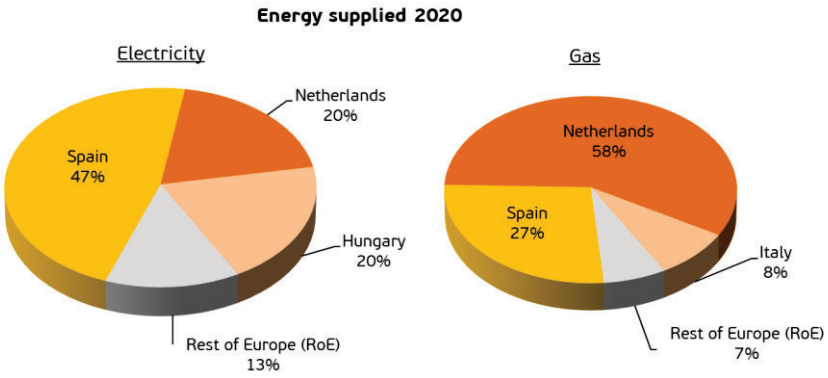
Supplied energy:

The total amount of energy supplied by Audax in the year 2020 is of 10.5 TWh, compared to 9.9 TWh of the previous year. Even taking into account the impact of the COVID-19 pandemic related to the decrease of the electricity and gas demand in that period, apart from a warmer winter (especially in the Netherlands, with a lower gas consumption), the Group has managed to increase by 6.1% the amount of supplied energy.

Within the Group, supplied electricity represents 71% (66.9% in the previous year), whereas gas accounts for 29% (33.1% in the previous year) of the total over this period. It should be noted that the energy supplied by the new subsidiary in Hungary in the last quarter of 2020 represented 14% of the total energy supplied by the Group.



The distribution of the supplied energy by geographical areas and types of energy at the end of 2020 is presented below, Spain being the market where the Group supplies most electricity, and the Netherlands being the principal market of the gas supply.



3. Liquidity and Capital Resources

3.1. Leverage

Net Financial Debt	Dec -20	Dec -19	Var.	%
Financial Debt (1)	643,865	328,393	315,472	96.1
Other financial liabilities	9,491	29,346	-19,855	-67.7
Assets and liabilities arising from derivatives	2,451	7,928	-5,477	-69.1
Cash and equivalents	-451,963	-183,281	-268,682	146.6
Net Financial Debt (2)	**203,844**	**182,386**	**21,458**	**11.8**
Net Equity(3)	**151,042**	**155,714**	**-4,672**	**-3.0**
Leverage (4)	**57.4%**	**53.9%**	**3.5**	**6.5**

(EUR thousands)

(1) Financial Debt = Debt from issued bonds and other negotiable securities + Amounts owed to credit institutions

(2) Net Financial Debt = Financial Debt + Other liabilities + Derivatives - Cash and other cash equivalents

(3) Net Equity = Net equity of the Parent Company + of the minority interests

(4)) Leverage = Net Financial Debt / (Net Financial Debt + Net Equity)

The Net Financial Debt has increased by EUR 21.5 million, i.e. by around 11.8% in comparison to the end of the previous year, amounting to EUR 203.8 million against EUR 182.4 million as at 31 December 2019. The Group's leverage is of 57.4%.

The increase of the Financial Debt is principally the consequence of bond issues carried out by the Group over the year 2020, mainly for the purpose of financing renewable energy projects supported by Audax; the bond issues being the following:

- A programme of promissory notes registered in the MARF with a maximum outstanding amount of EUR 200 million.
- The approval of the Reference Regulatory Framework for Green Financing after meeting the requirements established by the International Capital Markets Association (ICMA) and obtaining from the expert Vigeo Eiris the highest level of assurance.
- A Euro-Commercial Paper Programme (ECP) of a maximum outstanding amount of EUR 300 million registered on the Irish Stock Exchange.
- A fixed income bond programme for a nominal amount of up to EUR 400 million under the

name of “EUR 400,000,000 Senior Unsecured Notes Programme Audax Renovables, S.A. 2020" registered in the MARF. Within this programme an issue of Green Bonds worth EUR 200 million was carried out.

- Issue of Green Bonds worth EUR 125 million, convertible into shares, with maturity in 2025, on the international market, with a demand exceeding the supply by 2.4 times.

Owing to the implementation of IFRS 16 "Financial lease", the account of Other financial liabilities includes the amount of EUR 8,933 thousand. Without the application of IFRS 16 the Net Financial Debt would be of EUR 194,911 thousand and the Leverage of 56.3%.

3.2. Rating management

On 2 April the rating agency AXESOR confirmed the "BBB-" stable outlook rating awarded to Audax Renovables, S.A.



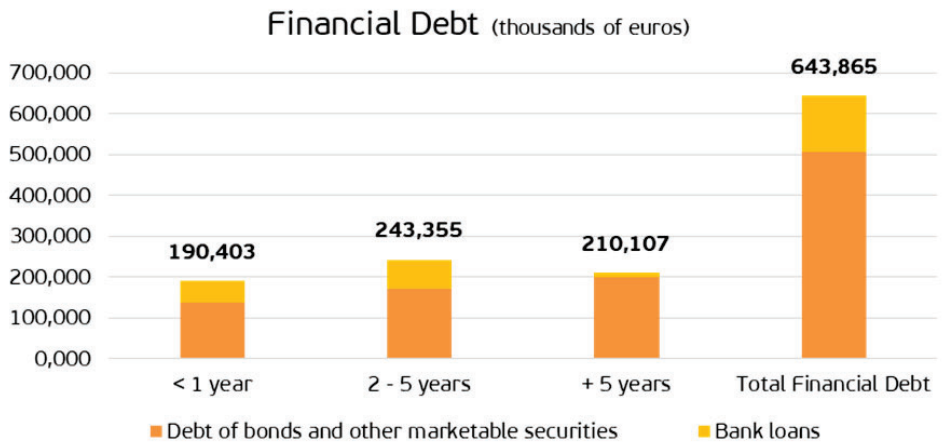
3.3. Financial Debt structure

With regard to the Financial Debt described before as Debt from issue of bonds and other negotiable securities + Amounts owed to credit institutions, its structure by type of debt is the following:

Financial Debt structure	Dec -20	% of total	Dec -19	% of total
Bonds	351,751	55%	136,240	41%
Promissory notes	156,804	24%	74,478	23%
Loans	89,434	14%	36,099	11%
Project Finance	27,227	4%	33,864	10%
Reverse factoring and similar	18,385	3%	34,322	10%
Lines of credit	264	0%	13,390	4%
Total Financial Debt	**643,865**	**100%**	**328,393**	**100%**

(EUR thousands)

The maturity dates of the Financial Debt are as follows:



See Note 13 of the notes to the consolidated annual accounts about Financial Liabilities for more detailed information.

4. Main risks and uncertainties

The Company's Risk Control and Management System

As a general rule, the Group considers "risk" to be any danger that an event, action or omission might prevent the Company from achieving its objectives and implementing successfully its strategies.

The Company has developed adequate procedures to identify, analyse, manage and mitigate all the risks to which it is exposed due to the nature of its activity. In the Company's general Policy of Risk Control and Management updated in 2019, the risk factors are, in general, the ones specified below:

a) Corporate governance risks.

b) Financial risks
- (i) Credit risks
  - a) Energy generation activity
  - b) Energy retail activity
- (ii) Market risk
- (iii) Electricity market price volatility risk
- (iv) Liquidity risk
- (v) Interest rate risk
- (vi) Guarantee terms risk
- (vii) Access to finance
  - i. Exchange rate risk
  - ii. Capital management risk
  - iii Financial restriction risk

c) Risks related to the activity sector
- i. Macroeconomic risks
- ii. Market concentration risks

d) Regulatory risk
- i. Retail activity
- ii. Generation activity

e) Competition risk

f) Operational risks
- i. Cost of deviation of demand for energy

ii. Risk of malfunction

g) Risk of exposition to the Spanish market

h) Litigation and reclamation risk

i) Dependence and concentration of qualified providers

j) Risk related to the meteorological conditions

k) Risk related to insurance

l) Dismantling of facilities

m) Dependence on factors impossible to be controlled by the Company

n) Risks that are specific to the Company
- i. Concentration in Audax ownership
- ii. Customer concentration
- iii Information systems risk
- iv. Risk derived from debt
- v. Key-person dependency risk
- vi. Risk of fraud
- vii. Other risks related to the retail activity
  - (a) Risk of product or price of the retail activity
  - (b) Risk of reduced ability to negotiate price

5. R+D+i activities

As at 31 December 2020 the Group allocated EUR 551 thousand to the R+D+i activities.

6. Staff

As at 31 December 2020 the number of the Group's employees is 757.

7. Natural environment

Environmental aspects are borne in mind throughout the entire process of obtaining authorisation, building the generation plants and preparing the studies based on the legislation governing each country.

As at 31 December 2020 the Group incurred environmental expenditure amounting to EUR 71 thousand, mainly for wildlife conservation.

8. Acquisition and disposal of treasury shares

As at 31 December 2020 the Company does not hold treasury shares.

9. Other important information

9.1. Stock market information

The majority shareholder of Audax is Eléctrica Nuriel, S.L. with a shareholding of 72.09% (additionally, it has the right to purchase 10.86% of the shares), and the rest of shareholders hold 27.91%.

From 23 March 2020 Audax Renovables, S.A. is included in the IBEX SMALL CAP ®.

The stock market evolution of Audax during 2020 was as follows:



The following table shows the main trading data:

Audax Renovables - ADX.MC	2020	Units
Number of shares admitted to trading	440,291,054	No.
Share price at the beginning of the period	2 140	€ / share
Share price at the end of the period	1 944	€ / share
Maximum trading price	2 720	€ / share
Minimum trading price	1 358	€ / share
Trading price fluctuation during the period	-9.16	%
Capitalisation at the end of the period	855,925,809	€
Number of traded shares	411,665,648	No.
Effective volume	818,130,934	€
Daily volume of traded shares (average)	1,601,812	No.
Effective daily volume (average)	3,183,389	€

9.2. Dividend policy

The goal of the Board of Directors of Audax is to maximise the remuneration to the shareholders.

Audax endeavours to ensure the dividend payout, providing that pertinent factors are fulfilled regarding cash generation and distributable reserves availability. Due to these determinants, it is not possible to guarantee the amount of the dividend nor the year in which the distribution is going to take place.

9.3. Other information

Alternative Performance Measures (APM)

In order to supplement the consolidated financial statements presented in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-UE) Audax reports on Alternative Performance Measures (APM). In compliance with IFRS-UE, these measures, in addition to the financial ones, are used for the purpose of establishing budgets and goals and of managing business, assessing its financial and operating performance and comparing it with previous periods and with the performance of the competitors. The presentation of such measures is assumed to be helpful because they can be used for analysis and comparison of profitability between companies and industries, as the impact of the financial structure of the accounting effects other than cash flows are excluded.

Non-financial measures are also presented, because these and other similar measures are generally used by investors, securities analysts and other brokers as complementary performance measures.

In general, these APM are used in the Directors' Report so there is direct traceability to the consolidated income statement and no reconciliation is needed.

The APM that the Group considers most important are set out below:

Consolidated profit and loss	2020	2019	Var. (%)
Operating income	969,300	1,043,789	-7.1
Gross margin	114,884	126,571	-9.2
EBITDA	66,441	73,250	-9.3
EBIT	46,787	47,022	-0.5

(EUR thousands)

The reconciliation between the EBITDA and the Consolidated profit and loss for the year is as follows:

	2020	2019
EBITDA	**66,441**	**73,250**
Amortisation, depreciation and provisions	-19,654	-26,228
EBIT	**46,787**	**47,022**
Financial income	4,380	4,005
Financial expenses	-17,724	-19,490
Exchange differences	431	-106
Profit or loss from changes in financial instruments	227	1,687
Financial profit (loss)	**-12,686**	**-13,904**
Participation in the profit (loss) of associates	-52	-87
Profit before tax	**34,049**	**33,031**
Corporate income tax	-3,879	-1,693
Consolidated profit or loss for the year	**30,170**	**31,338**
Profit or loss attributed to minority interests	-3,785	-5,921
Net profit or loss	**26,385**	**25,417**

(EUR thousands)

The main operating figures are as follows:

Production (GWh)	2020	%	2019	%	Var.
Spain	82.7	40%	247.9	68%	-66.6
France	29.5	14%	28.9	8%	2.1
Poland	92.6	45%	88.5	24%	4.6
Total	**204.8**	100%	**365.3**	100%	-43.9

Supply Points	2020	2019	% Var.
Spain	**303,691**	**224,538**	**35.3**
Electricity	251,376	192,810	30.4
Gas	52,315	31,728	64.9
Hungary	**82,055**	**0**	**n.a**
Electricity	82,055	0	n.a
Gas	0	0	n.a
the Netherlands	**68,988**	**64,547**	**6.9**
Electricity	44,402	40,902	8.6
Gas	24,586	23,645	4.0
Italy	**29,748**	**29,795**	**-0.2**
Electricity	18,068	18,139	-0.4
Gas	11,680	11,656	0.2
Rest of Europe (RoE)	**30,449**	**19,261**	**58.1**
Electricity	26,163	17,333	50.9
Gas	4,286	1,928	n.a
TOTAL SUPPLY POINTS	**514,931**	**338,141**	**52.3**
Total Electricity	**422,064**	**269,184**	**56.8**
Total Gas	**92,867**	**68,957**	**34.7**

Supplied Energy (GWh)	2020	2019	% Var.
Spain	**4,311**	**4,827**	**-10.7**
Electricity	3,496	3,980	-12.2
Gas	815	847	-3.8
the Netherlands	**3,217**	**3,665**	**-12.2**
Electricity	1,453	1,619	-10.3
Gas	1,764	2,046	-13.8
Hungary	**1,476**	**0**	**n.a**
Electricity	1,476	0	n.a
Gas	0	0	n.a
Rest of Europe (RoE)	**1,468**	**1,447**	**1.5**
Electricity	1,006	1,052	-4.4
Gas	462	396	16.8
TOTAL SUPPLIED ENERGY	**10,472**	**9,939**	**5.4**
Total Electricity	**7,431**	**6,651**	**11.7**
Total Gas	**3,041**	**3,289**	**-7.5**

The Net Financial Debt is as follows:

Net Financial Debt	Dec -20	Dec -19	Var.	%
Non-current financial liabilities	**461,267**	**217,176**	**244,091**	**112.4**
Debt from issue of bonds and other negotiable securities	371,123	143,184	227,939	159.2
Amounts owed to credit institutions	82,339	46,554	35,785	76.9
Financial lease liabilities (IFRS 16)	7,801	8,267	-466	-5.6
Other financial liabilities	4	19,171	-19,167	-100.0
Current financial liabilities	**192,089**	**140,563**	**51,526**	**36.7**
Debt from issue of bonds and other negotiable securities	136,754	67,534	69,220	102.5
Amounts owed to credit institutions	53,649	71,121	-17,472	-24.6
Financial lease liabilities (IFRS 16)	1,132	1,362	-230	-16.9
Other financial liabilities	554	546	8	1.5
Derivatives	**2,451**	**7,928**	**-5,477**	**-69**
Cash and other cash equivalents	**-451,963**	**-183,281**	**-268,682**	**146.6**
Other current financial assets	-83,730	-32,497	-51,233	157.7
Cash and other cash equivalents	-368,233	-150,784	-217,449	144.2
Net Financial Debt *	**203,844**	**182,386**	**21,458**	**11.8**
Of the Parent Company	143,224	122,221	21,003	17.2
Of minority interests	7,818	33,493	-25,675	-76.7
Net Equity **	**151,042**	**155,714**	**-4,672**	**-3.0**
Leverage ***	**57.4%**	**53.9%**	**3.5**	**6.5**

(EUR thousands)

* Net Financial Debt = Amounts owed to credit institutions + Other liabilities (derivatives) - Cash and other current financial assets
** Net Equity = Net equity of the Parent Company + of the minority interests
*** Leverage = Net Financial Debt / (Net Financial Debt + Net Equity)

Net Financial Debt (without IFRS 16 effect)	Dec -20	Dec -19	Var.	%
Net Financial Debt	**194,911**	**172,757**	**22,154**	**12.8**
Net Equity	**151,042**	**155,714**	**-4,672**	**-3.0**
Leverage	**56.3%**	**52.6%**	**3.7**	**7.1**

(EUR thousands)

The following table shows the main stock market data:

Audax Renovables - ADX.MC			
Stock market data	**2020**	**2019**	**Units**
Number of shares admitted to trading	440,291,054	440,291,054	No.
Share price at the beginning of the period	2.140	1.285	€ / share
Share price at the end of the period	1.944	2.140	€ / share
Maximum trading price	2.720	2.780	€ / share
Minimum trading price	1.358	1.370	€ / share
Trading price fluctuation during the period	-9.16	66.54	%
Capitalisation at the end of the period	855,925,809	942,222,856	€
Number of traded shares	411,665,648	176,841,551	No.
Effective volume	818,130,934	370,358,782	€
Daily volume of traded shares (average)	1,601,812	693,496	No.
Effective daily volume (average)	3,183,389	1,452,387	€
Number of shares	440,291,054	440,291,054	No.
Average number of shares	440,291,054	440,291,054	No.
Profit (loss) attributable to the Parent Company	26,385,301	25,417,362	€
Profit / loss per share			
- Basic	0.0599	0.0577	€ / share
- Diluted	0.0599	0.0577	€ / share

10. Significant events subsequent to the balance sheet date

See Note 28 of the Notes to the consolidated annual accounts as at 31 December 2020.

11. Non-financial information statement

The Consolidated Non-Financial Information Statement has been prepared in accordance with the standards of the Global Reporting Initiative (Grey), constitutes part of the Directors' Report and is presented in a separate document.

AUDAX RENOVABLES, S.A.

The Annual Financial Report of Audax Renovables, S.A. and Subsidiaries for the year 2020 comprising:

- Consolidated annual accounts - Consolidated balance sheet, Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in net equity, Consolidated statement of cash flows and Consolidated notes to the annual accounts

- Consolidated Directors' Report (which includes the Non-financial information statement)

Prepared according to the European Single Electronic Reporting Format in compliance with Commission Delegated Regulation (EU) No 2019/815, under identification number d866c68a631251f20a507c12adaee517 (*) was drawn up by the Board of Directors of Audax Renovables, S.A. in its meeting on 25 February 2021. Approved and signed below by all the Directors, in compliance with article 253 of the Spanish Companies Act.

BOARD OF DIRECTORS

Mr Francisco José Elías Navarro
Chairman

Mr Eduard Romeu Barceló
Member

Mr Rubén Clavijo Lumbreras
Member

Mr Ramiro Martínez-Pardo del Valle
Member

Mr Josep Maria Echarri Torres
Member

(*) Hash number MD5 of the ZIP file which contains in turn 8 files with the following hash numbers (d4d87ad5d0036d77871c2fb9a89dbf60, 5c11b28c4fcfd7030baa5c9b0b3297b1, f9cacb61a9539a033677dde810954e4b, b0a23fbebe1ee4130904059f015ec457, e7984125446924d8c09d74b5f785ddb3, 927345e789467f4e878503c152b6a16e, a07e7c8e0387b28bbc4871585f15340a, b29254ac269229edb2be1b7854cf2b18).