



Audax Renovables, S.A. and subsidiaries

**Condensed Consolidated Interim Financial
Statements**

30 June 2019

Consolidated Interim Directors' Report

30 June 2019

(With Limited Review Report Thereon)

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



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Limited Review on the Condensed Consolidated Interim Financial Statements

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

To the Shareholders of
Audax Renovables, S.A. commissioned by the Board of Directors

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have carried out a limited review of the accompanying condensed consolidated interim financial statements (the "interim financial statements") of Audax Renovables, S.A. (the "Company") and subsidiaries (the "Group"), which comprise the statement of financial position at 30 June 2019, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and the explanatory notes for the six-month period then ended (all condensed and consolidated). Pursuant to article 12 of Royal Decree 1362/2007 the Directors of the Company are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union, for the preparation of condensed interim information. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.



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

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2019 have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, pursuant to article 12 of Royal Decree 1362/2007.

Emphasis of Matter

We draw your attention to the accompanying note 2, which states that these interim financial statements do not include all the information that would be required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2018. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying consolidated interim directors' report for the six-month period ended 30 June 2019 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim directors' report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2019. Our work is limited to the verification of the consolidated interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Audax Renovables, S.A. and subsidiaries.

Other Matters

This report has been prepared at the request of the board of directors of Audax Renovables, S.A. in relation to the publication of the six-monthly financial report required by article 119 of Royal Legislative Decree 4/2015 of 23 October which approved the Revised Securities Market Law, enacted by Royal Decree 1362/2007 of 19 October 2007.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Alejandro Núñez Pérez

20 September 2019

AUDAX RENOVABLES, S.A. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2019

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Audax Renovables, S.A. and subsidiaries
Consolidated Balance Sheet
(EUR thousands)

<u>Assets</u>	Note	<i>Not audited</i> 30.06.19	<i>Audited *</i> 31.12.18
Goodwill	5	138,564	138,564
Other intangible assets	5	118,205	111,510
Property, plant and equipment	5	99,573	166,597
Investments as per equity accounting	6	6,945	6,992
Financial assets	7	117,706	99,355
Deferred tax assets	15	3,707	5,461
Total non-current assets		484,700	528,479
Assets held for sale	9	90,535	-
Inventory		1,361	4,513
Trade and other receivables	10	136,776	136,076
Current tax assets		897	1,432
Financial assets	7	43,088	44,460
Time period adjustments and other current assets	10	23,380	19,626
Cash and other cash equivalents		48,502	98,313
Total current assets		344,539	304,420
Total assets		829,239	832,899
<u>Net Equity and Liabilities</u>	Note	30.06.19	31.12.18
Capital		44,029	308,204
Share premium account		420,316	420,316
Reserves		(346,251)	(623,212)
Profit (loss) for the year attributable to the parent company		6,760	8,997
Translation differences		1,670	1,717
Other comprehensive income		(898)	4,904
Equity attributed to the parent company		125,626	120,926
Non-controlling interests		28,956	33,258
Total net equity	11	154,582	154,184
Provisions	12	1,325	2,670
Bonds and other negotiable securities	13	98,068	96,938
Bank loans and borrowings	13	69,400	129,873
Lease liabilities	2 & 13	8,053	-
Derivative financial instruments	8	4,172	11,373
Other financial liabilities	13	19,803	34,409
Subsidies	14	5,826	5,869
Other non-current liabilities		4,490	11,874
Deferred tax liabilities	15	23,456	29,755
Total non-current liabilities		234,593	322,761
Liabilities related to assets held for sale	9	66,634	-
Provisions		652	949
Bonds and other negotiable securities	13	88,923	67,985
Bank loans and borrowings	13	95,784	103,713
Lease liabilities	2 & 13	1,343	-
Derivative financial instruments	8	827	462
Other financial liabilities	13	22,701	16,495
Trade and other payables		84,281	93,313
Current tax liabilities		2,397	1,994
Other current liabilities		76,522	71,043
Total current liabilities		440,064	355,954
Total net equity and liabilities		829,239	832,899

The notes 1 to 21 and the appendix I are an integral part of the Interim Condensed Consolidated Financial Statements as at 30 June 2019

** The consolidated balance sheet as at 31 December 2018 is presented solely for comparative purposes*

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

	Note	<i>Not audited</i> 30.06.19	<i>Not audited</i> 30.06.18
Ordinary income	16	525,124	427,579
Procurement	16	(463,783)	(383,674)
Other operating income		1,547	210
Wages and salaries	16	(10,431)	(9,426)
Other operating expenses	16	(18,498)	(18,975)
Amortisation and depreciation	5	(14,177)	(11,762)
Impairment and profit (loss) on disposal of fixed assets		(846)	29
Operating profit (loss)		18,936	3,981
Financial income		1,974	1,681
Financial expenses		(10,337)	(9,376)
Profit (loss) on disposal and change in value of financial instruments		202	1,192
Exchange differences		(11)	(50)
Financial income (expenses)	16	(8,172)	(6,553)
Profit (loss) of companies consolidated by equity accounting	6	(62)	(28)
Profit (loss) before tax from continuing operations		10,702	(2,600)
Income tax expenses		(2,451)	1,039
Consolidated profit (loss) for the year		8,251	(1,561)
Profit (loss) attributable to the parent company		6,760	(2,080)
Profit (loss) attributable to non-controlling interests		1,491	519
		30.06.19	30.06.18
Profit (loss) per share			
Basic		0.0154	(0.0149)
Diluted		0.0154	(0.0149)

The notes 1 to 21 and the appendix I are an integral part of the Interim Condensed Consolidated Financial Statements as at 30 June 2019

Audax Renovables, S.A. and subsidiaries
 Consolidated Statement of Comprehensive Income
 (EUR thousands)

	<i>Not audited</i>	<i>Not audited</i>
	<u>30.06.19</u>	<u>30.06.18</u>
Consolidated profit (loss) for the year	8,251	(1,561)
Other comprehensive income		
Items to be reclassified to the income statement		
Cash flow hedges	(5,802)	(2,394)
Translation differences of financial statements of businesses abroad	(47)	1,457
Other comprehensive income for the year, after tax	<u>(5,849)</u>	<u>(937)</u>
Total comprehensive income for the year	<u>2,402</u>	<u>(2,498)</u>
Total comprehensive income attributable to the parent company	911	(3,363)
Total comprehensive income attributable to non-controlling interests	1,491	865

The notes 1 to 21 and the appendix I are an integral part of the Interim Condensed Consolidated Financial Statements as at 30 June 2019

Audax Renovables, S.A. and subsidiaries
Consolidated Statement of Changes in Net Equity
(EUR thousands)

<i>In EUR</i>	Capital	Share premium	Reserves	Profit (loss) attributable to the Parent Company	Translation differences	Other comprehensive income	Equity attributed to the Parent Company	Non-controlling interests	Net equity
Balance at 31 December 2017	98,003	278,948	(320,128)	8,250	(151)	7,009	71,931	13,132	85,063
First application of IFRS	-	-	(2,543)	-	-	-	(2,543)	-	(2,543)
Dividends	-	-	-	-	-	-	-	(167)	(167)
Profit (loss) for the year	-	-	-	(2,080)	1,457	(2,740)	(3,363)	865	(2,498)
Business combinations	-	-	46,711	-	-	-	46,711	19,350	66,061
Other movements	-	-	4,797	-	-	-	4,797	-	4,797
Reserves	-	-	8,250	(8,250)	-	-	-	-	-
Balance at 30 June 2018	98,003	278,948	(262,913)	(2,080)	1,306	4,269	117,533	33,180	150,713
Profit (loss) for the year	-	-	-	11,077	411	635	12,123	127	12,250
Capital increase due to merger	210,201	141,368	(359,326)	-	-	-	(7,757)	(49)	(7,806)
Dividends	-	-	(973)	-	-	-	(973)	-	(973)
Balance at 31 December 2018	308,204	420,316	(623,212)	8,997	1,717	4,904	120,926	33,258	154,184
Profit (loss) for the year	-	-	-	6,760	(47)	(5,802)	911	1,491	2,402
Dividends	-	-	-	-	-	-	-	(146)	(146)
Share capital decrease (Note 11)	(264,175)	-	264,175	-	-	-	-	-	-
Other movements	-	-	3,789	-	-	-	3,789	(5,647)	(1,858)
Reserves	-	-	8,997	(8,997)	-	-	-	-	-
Balance at 30 June 2019	44,029	420,316	(346,251)	6,760	1,670	(898)	125,626	28,956	154,582

The notes 1 to 21 and the appendix I are an integral part of the Interim Condensed Consolidated Financial Statements as at 30 June 2019

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

		<i>Not audited</i> 30.06.2019	<i>Not audited</i> 30.06.2018
<i>Cash flows from operating activities</i>			
Profit (loss) before tax	Note	10,702	(2,600)
Adjustments to results		17,774	23,775
Amortisation and depreciation	5	14,177	11,762
Value adjustments due to impairment	5	2,112	(1,138)
Changes in provisions		(1,199)	3,037
Allocation of subsidies		137	-
Profit (loss) on derecognition and disposal of fixed assets		846	-
Profit (loss) on derecognition and disposal of financial instruments		(202)	2,929
Financial income	16	(1,974)	(1,681)
Financial expenses	16	10,337	9,376
Exchange differences		(11)	-
Variations of fair value of financial instruments		(6,449)	-
Other income and expenses		-	(510)
Changes in working capital		(24,444)	45,112
Inventory		3,152	23
Accounts receivable		(12,668)	19,329
Other current assets		(6,121)	21,562
Accounts payable		(7,329)	8,322
Other current liabilities		(1,478)	1,397
Other non-current assets and liabilities			(5,521)
Other cash flows from operating activities		(8,459)	(7,695)
Interest paid		(10,337)	(9,376)
Interest collected		1,974	1,681
Income tax payments		(96)	-
Cash flows from operating activities		(4,427)	58,592
<i>Cash flows from investment activities</i>			
Payments of investments		(40,554)	(64,483)
Intangible assets	5	(19,200)	(2,386)
Property, plant and equipment	5	(2,999)	-
Other assets		(18,355)	(62,097)
Business unit		-	9,973
Cash flows from investment activities		(40,554)	(54,510)
<i>Cash flows from financing activities</i>			
Collections and payments for financial liability instruments		(4,830)	(31,609)
Issuance			
Bonds and other tradable securities	13	96,400	53,468
Bank loans and borrowings	13	4,541	-
Liabilities to group and associated companies		16,384	-
Repayment			
Bonds and other tradable securities	13	(75,560)	(31,831)
Bank loans and borrowings	13	(14,630)	(28,722)
Other liabilities		(31,965)	(24,524)
Cash flows from financing activities		(4,830)	(31,609)
Net increase/Decrease in cash or equivalents		(49,811)	(27,527)
Cash or equivalents at the beginning of the year		98,313	50,258
Cash or equivalents at the end of the year		48,502	22,731

The notes 1 to 21 and the appendix I are an integral part of the Interim Condensed Consolidated Financial Statements as at 30 June 2019

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL INFORMATION

Audax Renovables, S.A. (formerly Fersa Energías Renovables, S.A.), hereinafter, the Parent Company, was incorporated in Barcelona on 10 July 2000 for an unlimited duration.

Its registered address is Avenida Navarra, nº14 in Badalona.

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, interests and rights in companies whose corporate objects are the development, construction and exploitation of facilities for the generation of electricity from renewable energy sources.

Additionally, the Company's object includes also the activities of energy retailing, electricity sale and purchase including import and export, retailing of fuels for energy generation, natural gas retailing, CO2 emissions trading and telecommunications retailing; as well as any kind of accessory activities, necessary to carry out the company's objects.

Moreover, 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 Securities Market and Collective Investment Institutions.

Audax Renovables, S.A. is a holding company which is the parent company of a Group of subsidiary companies, joint ventures and associated companies that are engaged in the activities involving generation of electricity from renewable sources, energy and natural gas retailing, and constitute together the AUDAX RENOVABLES GROUP (hereinafter, the Audax Renovables Group or the Group).

Furthermore, the Audax Renovables Group is part of the Excelsior Group whose parent company is Excelsior Times, S.L.U., with its registered address at Avenida Navarra, nº 14, Badalona. The consolidated annual accounts of the Excelsior Group for the year 2018, drawn up on 29 March 2019, were 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 for the year ended on 31 December 2018 were approved by the General Meeting of Shareholders on 29 April 2019.

The interim condensed consolidated financial statements of the Audax Renovables Group as at 30 June 2019 were drawn up by the Directors of the Parent Company on 20 September 2019.

On 25 January 2019 the Commercial Register in Barcelona registered the merger by absorption approve on 23 November between Audax Renovables, S.A. as the acquiring company and Audax Energía, S.A., as the acquired company. The impact of this transaction has already been included in the consolidated annual accounts of the Audax Renovables Group for the year ended on 31 December 2018.

The figures presented in these interim condensed consolidated financial statements are stated in thousand euros, except for the figures of profit per share which are expressed in euros per share, unless specified otherwise.

NOTE 2 – BASIS OF PRESENTATION, ACCOUNTING POLICIES AND VALUATION STANDARDS

a) Applied accounting rules

These interim condensed consolidated financial statements for the period of six months ended on 30 June 2019 have been drawn up in accordance with the International Accounting Standard 34 (IAS 34) “Interim Financial Reporting” included in the International Financial Reporting Standards adopted by the European Union (IFRS-EU). However, this document does not include all the information and breakdowns required in the consolidated annual accounts by the International Financial Reporting Standards adopted by the European Union (hereinafter, IFRS-EU). Therefore, in order to attain the correct interpretation of these interim condensed consolidated financial statements, the document shall be interpreted together with the consolidated annual accounts for the year ended on 31 December 2018, which were drawn up in accordance with the IFRS-EU. Consequently, it was not necessary to repeat or update certain notes or estimates included in the aforementioned consolidated annual accounts. Instead, some selected enclosed explanatory notes contain an explanation of events or adjustments that are likely to be of importance for the description of the changes in the consolidated financial situation and in the consolidated operating results, of the consolidated comprehensive income and the consolidated cash flow statements of the Group since 31 December 2018, the date of the aforementioned consolidated annual accounts, till 30 June 2019.

In accordance with paragraph 20 of IAS 34, and for the purpose of providing comparative information, these interim condensed consolidated financial statements include the interim condensed consolidated balance sheets as at 30 June 2019 and as at 31 December 2018, the interim condensed consolidated income statements for the period of six months ended on 30 June 2019 and 2018, the interim condensed consolidated comprehensive income statements for the periods of six months ended on 30 June 2019 and 2018, the interim condensed consolidated statements of changes in net equity for the periods of six months ended on 30 June 2019 and 2018 and as at 31 December 2018, the interim condensed consolidated cash flow statements for the periods of six months ended on 30 June 2019 and 2018, together with the explanatory notes to the interim condensed consolidated financial statements for the period of six months ended on 30 June 2019.

The interim condensed consolidated financial statements of the Audax Renovables Group have been prepared on the basis of the financial statements of Audax Renovables, S.A. and the subsidiary companies belonging to the Group. Each company draws up its own financial statements according to the accounting principles and standards of the country in which it carries out its operations. 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 their consistency with the accounting policies adopted by the Audax Renovables Group.

The accounting policies applied to the preparation of these Financial Statements coincide with those that were applied and described in the Consolidated Annual Accounts for the year ended on 31 December 2018, except for the application on 1 January 2019 of the IFRS 16 “Leases” issued by the IASB (International Accounting Standards Board) and adopted by the European Union to be applied in Europe and for the application of the valuation standard IFRS 5 (Non-current Assets Held for Sale).

The information set out in these interim condensed consolidated financial statements is the responsibility of the Directors of the Parent Company.

Transition to IFRS 16

The Group has carried out the transition to IFRS 16 applying the simplified retrospective approach which means that the comparative period information is not restated and the effect of first application of IFRS 16 is recognised on 1 January 2019 (date of initial application) so that in

the lease agreements where the Group acts as lessee the lease liability is recognised at the present value of the remaining discounted lease payments using the discount rate at the date of the initial application.

The Group has applied the following policies and criteria:

- The recognition exemption has been applied to the leases where the underlying asset is of low value (below USD 5,000) and to the short-term leases (lease term of 12 months or less).
- The practical expedient has been applied as indicated in paragraph C3 of appendix C of IFRS 16 which stipulates that it is not necessary to reassess if an agreement is, or contains, a lease at the date of the initial application.
- The Company opted not to separate the non-lease components from lease components, regarding the class of assets where the relative importance of those components is not significant in relation to the total value of the lease.

An incremental effective interest rate has been applied per homogeneous lease portfolio, country and lease term.

In order to determine the lease term the initial term of every contract has been considered as a non-cancellable period, except for the cases where the Group has a unilateral option to extend or terminate the contract and is reasonably certain, on the grounds of the lifetime of the installed assets, that this option will be exercised, in which case a relevant term of extension or early termination will be considered.

Right-of-use asset and lease liability

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 as the value of the future discounted lease payments, in general, at the incremental rate. The lease payments include:

- The lease payments that are fixed or substantially fixed, specified in the contract, less any incentives to be received by the lessee;
- The variable payments that depend on an index or a rate;
- Any amount that the lessee expects to pay for residual value guarantees of the underlying asset;
- The exercise price of a purchase option if it is reasonably certain that the option will be exercised by the lessee; and
- The payments of penalties for terminating the lease, if the lease term includes early termination.

Contingent rental payments subject to the existence 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 heading of 'External Services' of the Consolidated Income Statement instead of being part of the lease liabilities.

Subsequently, the lease liability is increased in order to reflect the financial expense and is reduced by the amount of payments made. The reassessment is recognised under the heading of 'Financial expenses' of the Consolidated Income Statement. Lease liability is reassessed when there is a change in an index or a rate, in the amount expected to be payable under a residual value guarantee, when carrying out the options to extend is considered to be reasonably certain or when it is considered reasonably certain that the options to terminate will not be exercised.

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

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any incentives received;
- Any initial direct costs incurred by the lessee; and
- An estimate of costs to be incurred by the lessee in dismantling and restoring the asset.

Subsequently to the initial measurement, the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses. The depreciation of the right-of-use asset is recognised under the heading of 'Amortisation, depreciation and provisions' of the Consolidated Income Statement 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 if it is virtually certain that the lessee will exercise a purchase option, the depreciation is recognised over the useful life of the asset.

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%.

Presentation

In the Interim Condensed Consolidated Financial Statements for the period of six months ended on 30 June 2019 the Group has classified the right-of-use assets and the lease liabilities under the new headlines of 'Right-of-use assets' and 'Non-current financial liabilities – Leases' of the Consolidated Statement of Financial Position, respectively.

At 31 December 2018 the Group classified the lease costs affected by this standard, related to the leases of land where the power plants are installed (mainly wind farms) in the income statement as operating lease.

Impact

The Group has carried out an analysis in order to determine if a contract is or contains a lease at the date of initial application in accordance with the definition and requirements established by IFRS 16.

Based on the options offered by IFRS 16, the Group has decided not to apply IFRS 16 to the leases where the underlying asset is of low value (below USD 5,000) and short-term leases (lease term of 12 months or less).

The effect of the application of IFRS 16 registered by the Group at 1 January 2019 is as follows:
EUR thousand

Right-of-use assets	10,730
Non-current lease liabilities	9,275
Current lease liabilities	1,455

The impact of the application of IFRS 16 on the Consolidated Income Statement as at 30 June 2019 is specified below:
EUR thousand

Increase in the account 'Financial expenses'	205
Increase in the account of amortisation and depreciation	605

New IFRS-EU accounting standards and IFRIC interpretations

a) New IFRS-EU accounting standards and IFRIC interpretations

New standards, amendments and interpretations	Mandatory application for annual periods beginning on
IFRS 16 Lease	1 January 2019
IFRIC 23 Uncertainty over income tax treatments	1 January 2019
Amendment to IFRS 9 Prepayment features with negative compensation	1 January 2019
Amendment to IAS 28 Long-term investments in associates and joint ventures	1 January 2019
Amendments to IAS NIC 19 Plan amendment, curtailment or settlement	1 January 2019
Improvements to IFRS 3, 11, IAS 12, IAS 23 (2015 – 2017 period)	1 January 2019

b) Issued standards which are not in force

At the date of the preparation of these consolidated financial statements, the following standards, amendments and interpretations had been published by the IASB but had not yet entered into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they have not been yet adopted by the European Union:

New standards, amendments and interpretations	Mandatory application for annual periods beginning on
Amendments to IFRS 3, Business combinations	1 January 2020
Amendments to IAS 1 and IAS 8, Materiality	1 January 2020
IFRS 17 Insurance contracts	1 January 2021

b) Comparison of the information

As requested by the IFRS-EU, the information contained in these interim condensed consolidated financial statements as at 30 June 2019 is presented solely for comparative purposes together with the relevant information for the period of six months ended on 30 June 2018, except for the consolidated balance sheet which compares the situation as at 30 June 2019 and at 31 December 2018.

As a consequence of the merger (Note 1) between Audax Energía, S.A.U. (legal acquiree) and Audax Renovables, S.A. (legal acquirer), and because of the recognition and measurement criteria applicable to this kind of transactions under IFRS, the consolidated annual accounts for the year 2019 are compared to the relative information as at 31 December 2018 and 30 June 2018, as if the merger took place on 1 January 2017. To this purpose, due to the fact that the acquired company (Audax Energía, S.A.U.) was qualified as an enterprise under joint control before 1 January 2017, the incorporation of the net assets of Audax Energía, S.A.U. into the consolidated annual accounts of Audax Renovables, S.A. was carried out in 2018 with retroactive application of the criterion of pooling-the-interests at 1 January 2017 in order to enable the comparability of the information and its consistency in comparison to the information reported in previous years. In view of the above, the comparative information relating to the half-

year period ended on 30 June 2018 differs from the one formulated on 26 July 2018.

In accordance with IAS 34, in order to identify the information to be specified for each of the individual accounts of the interim condensed consolidated financial statements or other aspects, the Group has taken into consideration their relative importance in relation to the interim condensed consolidated financial statements.

In April 2018, the company Eryx Investments, S.L acquired 100% of share capital of the company Unieléctrica Energía S.A, which is the parent company of a group of companies (Unieléctrica Group) engaged in energy retailing in Spain. In the interim consolidated income statement closed in June 2018, the Unieléctrica Group generated, for the Audax Renovables Group, income and expenses over the period between the date of acquisition and the end of the year. The interim consolidated income statement closed in June 2019 contains the entirety of income and expenses of the Unieléctrica Group.

Moreover, for the purpose of comparison of the information, the impact of the application on 1 January 2019 of the new standards IFRS-UE (IFRS 16) shall be taken into account.

c) Changes in the consolidation scope

The Appendix I includes the companies in which Audax Renovables, S.A. has a direct or indirect shareholding, and which were included in the consolidation scope as at 31 December 2018.

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

On 8 May 2019, Audax Renovables entered into an agreement with Audax Fotovoltaica S.L.U. (a company belonging to the Excelsior Group), for the purchase of 100% of the shares of the following companies: Audax Solar SPV III S.L.U., Audax Solar SPV IV S.L.U, Audax Solar SPV V 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 un importe EUR 16,384 thousand. The acquired companies' main object involves photovoltaic projects development. At the date of the preparation of these consolidated financial statements the effective payment of that amount has not yet been carried out. The price for the acquisition of the companies was endorsed by an independent expert in a Fairness Opinion report.

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

	EUR thousand
Intangible assets	15,661
Tangible assets	2,310
Total assets	17,971
Other net liabilities	1,587
Total liabilities	1,587
Total net assets acquired	16,384

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 the amounts payable to the related companies (Note 17).

d) Transactions in foreign currency

The exchange rates against the Euro of the main currencies of the companies in the Audax Renovables Group as at 30 June 2019 and 31 December 2018 have been as follows:

	30 June 2019		31 December 2018		30 June 2018	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
US Dollar	1.1380	1.1334	1.1450	1.1809	1.1658	1.2060
Polish Zloty	4.2496	4.2865	4.3014	4.2614	4.3732	4.2316

e) Going concern

As at 30 June 2019, the Group presents negative working capital of EUR 95,525 thousand. This situation is primarily a consequence of the normal business evolution, as well as of financing the investments made in recent years.

Despite this working capital, the Group has sufficient capability to fulfil its obligations through its own cash generation as well as, among other factors, its financial resources. Moreover, on 13 February 2019, the Parent Company renewed its promissory note programme of EUR 50,000 thousand with maturity in 2019 (Note 14) and expanded it with a new programme of up to EUR 75,000 thousand with maturity of up to 24 months. In July, August and September 2019 within this promissory note programme the Parent Company renewed promissory notes for the amount of EUR 26,800 thousand with maturity in 2019 and 2020.

On the grounds of the above information, the Directors consider that there is no doubt about the application of the going concern principle.

NOTE 3- ACCOUNTING ESTIMATES AND UNCERTAINTY SOURCES

Main risks and contingencies, as well as essential accounting estimates, coincide with the ones specified in the consolidated annual accounts for the year 2018, and there have been no significant changes since its disclosure.

NOTE 4 – SEGMENT REPORTING

The main format of presentation of segment reporting encompasses business segments and geographical segments.

The main business segments of the Audax Renovables Group involve electricity and gas retailing and renewable energy production.

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

- Spain and Portugal
- Rest of Europe: in retail, the Group operates also in Italy, Poland, Germany and the Netherlands; in production, it operates in France and Poland.
- Latam: relates to Panama, where a wind farm of 66MW is under construction.

The income by the specified segments for the period of six months ended on 30 June 2019 and 2018 is as follows:

30 June 2019	RETAIL			PRODUCTION				TOTAL
	Spain & Portugal	Rest of Europe ⁽¹⁾	Total	Spain	Rest of Europe ⁽²⁾	Latam ⁽³⁾	Total	Total
Turnover by segments	372,552	133,022	505,574	15,663	5,434	-	21,097	526,671
EBITDA	12,612	4,923	17,535	10,996	4,582	-	15,578	33,113
Depreciation charge	(3,781)	(4,227)	(8,008)	(4,854)	(1,315)	-	(6,169)	(14,177)
Operating profit (loss)	8,831	696	9,527	6,142	3,267	-	9,409	18,936
Net financial income (expense)	(2,933)	(1,640)	(4,573)	(2,862)	(737)	-	(3,599)	(8,172)
Participation in the profit (loss) of associates	-	-	-	-	-	(62)	(62)	(62)
Profit (loss) before tax	5,898	(944)	4,954	3,280	2,530	(62)	5,748	10,702
Corporate Income Tax	(1,447)	(37)	(1,484)	(690)	(277)	-	(967)	(2,451)
Consolidated profit (loss) for the period	4,451	(981)	3,470	2,590	2,253	(62)	4,781	8,251
a) Profit (loss) attributed to the parent company								6,760
b) Profit (loss) attributed to minority interests								1,491

30 June 2018	RETAIL			PRODUCTION				TOTAL
	Spain & Portugal	Rest of Europe ⁽¹⁾	Total	Spain	Rest of Europe ⁽²⁾	Latam ⁽³⁾	Total	Total
Turnover by segments	295,138	114,854	409,992	14,048	3,749	-	17,797	427,789
EBITDA	3,693	734	4,427	8,596	2,720	-	11,316	15,743
Depreciation charge	(1,952)	(4,013)	(5,965)	(4,730)	(1,067)	-	(5,797)	(11,762)
Operating profit (loss)	1,741	(3,279)	(1,538)	3,866	1,653	-	5,519	3,981
Net financial income (expense)	(2,986)	(2,112)	(5,098)	(1,050)	(405)	-	(1,455)	(6,553)
Participation in the profit (loss) of associates	-	-	-	-	-	(28)	(28)	(28)
Profit (loss) before tax	(1,245)	(5,391)	(6,636)	2,816	1,248	(28)	4,036	(2,600)
Corporate Income Tax	778	399	1,177	193	(331)	-	(138)	1,039
Consolidated profit (loss) for the period	(467)	(4,992)	(5,459)	3,009	917	(28)	3,898	(1,561)
a) Profit (loss) attributed to the parent company								(2,080)
b) Profit (loss) attributed to minority interests								519

Rest of Europe ⁽¹⁾ in Retail includes Italy, Poland, Germany and the Netherlands
Rest of Europe ⁽²⁾ in Production includes France and Poland
Latam ⁽³⁾ in Production includes Panama

At present the Group has operating wind farms in Spain, France and Poland, and is engaged in energy retailing in Spain, Portugal, Italy, the Netherlands, Germany and Poland.

NOTE 5 – INTANGIBLE AND TANGIBLE ASSETS

The movement for the period of six months ended on 30 June 2019 and for the year 2018 in the intangible and tangible assets accounts is as follows:

	Goodwill	Other intangible assets	Total intangible assets	Total tangible assets
Net book value 31.12.17	98,468	81,784	180,252	167,907
Recognition and investment	94	2,428	2,522	410
Additions to scope	40,002	42,319	82,321	1,153
Amortisation and depreciation charge	-	(14,730)	(14,730)	(10,349)
Derecognition	-	(297)	(297)	(119)
Other movement	-	8	8	-
Reversal of impairment	-	-	-	8,525
Translation differences	-	(2)	(2)	(930)
Net book value 31.12.18	138,564	111,510	250,074	166,597
Cost	138,564	153,959	292,523	266,359
Accumulated amortisation and depreciation	-	(42,449)	(42,449)	(99,762)
Net book value 31.12.18	138,564	111,510	250,074	166,597
Recognition and investment	-	11,222	11,222	242
Additions to scope (Note 3)	-	15,661	15,661	2,310
Amortisation and depreciation charge	-	(8,770)	(8,770)	(5,407)
Reclassification to held for sale (Note 9)	-	(11,420)	(11,420)	(64,644)
Derecognition	-	-	-	(10)
Translation differences	-	2	2	485
Net book value 30.06.19	138,564	118,205	256,769	99,573
Cost	138,564	163,210	319,408	166,797
Accumulated amortisation and depreciation	-	(45,005)	(51,219)	(67,224)
Net book value 30.06.19	138,564	118,205	268,189	99,573

Additions to scope relate to the purchase of companies engaged in solar projects development (Note 2 (c)).

Reclassification relates to the assets of the companies Parc Eòlic Mudefer, S.L.U, and Gestora Fotovoltaica de Castellón, S.L. reclassified to current assets held for sale as a consequence of the resolutions adopted regarding the sale of said companies (Note 9).

Translation differences include, basically, the impact of the valuation of the assets belonging to the investments made in Poland. Over the period of six months ended on 30 June 2019, the negative impact is mainly due to the appreciation of the Polish zloty.

In the first six months of 2019 no significant investments have been made.

The breakdown of goodwill by country and by segment is as follows:

	30.06.19	31.12.18
Wind energy production		
Spain	634	634
France	860	860
Energy retailing		
Spain	40,072	40,072
the Netherlands	94,391	94,391
Poland	2,599	2,599
Others	8	8
TOTAL	138,564	138,564

The breakdown of intangible assets by country and by segment is as follows:

	30.06.19	31.12.18
Wind energy production		
Spain	34,261	26,002
France	2,912	2,778
Poland	2,041	-
Energy retailing		
Spain	38,847	40,427
Italy	3,514	3,144
Germany	181	182
Poland	311	138
the Netherlands	36,069	38,827
Portugal	69	12
TOTAL	118,205	111,510

The breakdown of tangible assets by country and by segment is as follows:

	30.06.19	31.12.18
Wind energy production		
Spain	49,476	117,575
France	7,179	7,449
Poland	37,370	37,765
Others	101	101
Energy retailing		
Spain	4,703	2,791
Italy	27	30
Germany	8	9
Poland	10	17
the Netherlands	699	860
TOTAL	99,573	166,597

Assets impairment test

The Audax Renovables conducted impairment tests of the entirety of its assets as at 31 December 2018. As at 30 June 2019 the Group has not updated impairment tests of its wind farms, as there were no signals of significant additional impairment, nor there had been significant changes in the assumptions in comparison with the close of the year 2018.

NOTE 6 – INVESTMENTS ACCOUNTED FOR BY EQUITY METHOD

The movement in this account during the first six months of 2019 has been as follows:

	Balance 31.12.18	Participation in profit (loss)	Translation differences	Balance 30.06.19
<u>Company</u>				
Parque Eólico Toabré S.A.	6,992	(62)	15	6,945
Total	6,992	(62)	15	6,945

The movement in 2018 was as follows:

	Balance 31.12.17	Participation in profit (loss)	Translation differences	Balance 31.12.18
<u>Company</u>				
Parque Eólico Toabré S.A.	6,931	(48)	109	6,992
Total	6,931	(48)	109	6,992

NOTE 7 – FINANCIAL ASSETS

The breakdown of the financial assets classified by their nature and category is as follows:

	30.06.19			31.12.18		
	Current	Non-current	Total	Current	Non-current	Total
Assets designated as at fair value through profit or loss						
Equity instruments						
Not traded	-	433	433	-	313	313
Total	-	433	433	-	313	313
Financial assets at amortised cost						
Unsecured claims						
Floating rate	-	254	254	-	1,238	1,238
Total	-	254	254	-	1,238	1,238
Trade and other receivables						
Trade receivables for sales and services	150,102	-	150,102	148,015	-	148,015
Other accounts receivable	4,483	-	4,483	4,553	-	4,553
Less impairment	(17,809)	-	(17,809)	(16,492)	-	(16,492)
Total (Note 10)	136,776	-	136,776	136,076	-	136,076
Claims to group entities (Note 17)	170	111,165	111,335	2,715	90,720	93,435
Total	170	111,165	111,335	2,715	90,720	93,435
Deposits and sureties granted	1,550	4,971	6,521	455	4,509	4,964
Fixed-term deposits	19,275	400	19,675	12,640	2,200	14,840
Other financial assets	9,390	-	9,390	10,161	-	10,161
Total	30,215	5,371	35,586	23,256	6,709	29,965
Total	167,161	116,790	283,951	162,047	98,667	260,714
Equity instruments at fair value through other comprehensive income						
Listed	10,715	-	10,715	6,166	-	6,166
Hedge derivatives						
Contracted on organised markets (Note 8)	1,988	483	2,471	12,323	375	12,698
Total	12,703	483	13,186	18,489	375	18,864
Total financial assets	179,864	117,706	297,570	180,536	99,355	279,891

Deposits and sureties granted relate to the amounts transferred to the lessors as a guarantee for the existing lease contracts and the amounts paid out as a guarantee for the purpose of operating on the electricity market. These amounts are presented at paid out value which does not differ significantly from their fair value.

Fixed-term deposits consist mainly of deposits made to different financial institutions which do not yield interest at market interest rate.

The heading Other current financial assets relates primarily to the Debt Service Reserve Account (DSRA) amounting to EUR 5,063 thousand (EUR 8,866 thousand at 31 December 2018) which constitute an additional guarantee for the bank syndicate and are subject to restrictions in application, as is described in Note 13.

NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of the derivative financial instruments accounted for under the heading of 'Other financial liabilities' is as follows:

	30.06.19		31.12.18	
	Non-current	Current	Non-current	Current
<i>Assets arising from derivatives</i>				
Energy price hedges	483	1,988	375	12,323
Total assets	483	1,988	375	12,323
<i>Liabilities arising from derivatives</i>				
Energy price hedges	642	827	1739	462
Interest rate swaps	3,530	-	9,634	-
Total liabilities	4,172	827	11,373	462

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.

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).

NOTE 9 - ASSETS AND LIABILITIES HELD FOR SALE

During the first half year of 2019 Audax Renovables S.A entered into an agreement for the sale of 100% of shares of the company Parc Eòlic Mudefer, S.L.U to the company Helia Renovables II F.C.R, which was subject to certain conditions precedent. Eventually, on 31 July 2019, and after fulfilling the conditions, the sale transaction was carried out.

Furthermore, during the first half year of 2019 Audax Renovables S.A. concluded other agreement for the sale of its shares in Gestora Fotovoltaica de Castellón, S.L., which constitute 76% of the share capital of that company, to the company Minerva Renovables S.A.. The agreement was subject to certain conditions precedent. Eventually, in July 2019, and after fulfilling the conditions, the sale transaction was carried out.

As a consequence of the abovementioned agreements, as at 30 June 2019 those assets and liabilities fulfil the definition established by IAS NIF 5, therefore the Group has classified all its assets and liabilities related to the transaction as non-current assets and liabilities held for sale.

The main accounting headings related to the assets and liabilities held for sale are the following:

	Parc Eòlic Mudéfer, S.L.U	Getora Fotovoltaica de Castellon S.L. and subsidiaries	TOTAL
Intangible assets	11,358	62	11,420
Tangible assets	59,603	5,041	64,644
Other non-current assets	1,504	46	1,550
Current assets	13,441	353	13,794
Impairment and profit (loss) on disposal of fixed assets	-	(873)	(873)
Total assets	85,906	4,629	90,535
Non-controlling interests	-	383	383
Non-current financial liabilities	53,067	1,670	54,737
Other non-current liabilities	3,221	203	3,424
Current financial liabilities	6,227	582	6,809
Other current liabilities	1,130	151	1,281
Total liabilities	63,645	2,989	66,634
Total acquired net assets	22,261	1,640	23,901

By applying IFRS 5, the Audax Renovables Group recognised the value of these assets at the lower of the sale price less sale cost and their underlying book value. As a consequence, a loss on Impairment and Disposal of Fixed Assets was registered amounting to EUR 873 thousand in relation to the sale of the shares of Gestora Fotovoltaica de Castellón S.L.. The sale price of the shares of Parc Eòlic Mudéfer S.L.U. is higher than the underlying book value, and the profit from this sale is not registered until the effective date of the transaction.

NOTE 10 - TRADE AND OTHER RECEIVABLES

The breakdown of trade and other receivables is as follows:

	30.06.19	31.12.18
Trade receivables	148,554	147,579
Trade receivables from group companies	1,548	436
Other receivables	4,483	4,553
Valuation adjustments for bad debt	(17,809)	(16,492)
Total trade and other receivables	136,776	136,076

Under the heading of 'Trade receivables' the Group puts mainly the invoicing amounts corresponding to the months of May and June 2019 that have not yet been collected.

Since the usual time of meters reading 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 30 June 2019, the estimates of the retailing companies amount to EUR 51,245 thousand (EUR 53,305 thousand as at 31 December 2018).

The movement of valuation adjustments for bad debt is as follows:

Balance at 31 December 2018	(16,492)
Allocations	(1,683)
Reversals	377
Others	(11)
Balance at 30 June 2019	(17,809)

The breakdown of 'Other current assets' is as follows:

	30.06.19	31.12.18
Prepaid expenses for insurance	50	115
Prepaid expenses for commissions	20,111	17,896
Prepaid expenses for renting	154	157
Other prepaid expenses	103	680
Claims to Public Administrations	2,962	778
Total	23,380	19,626

'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 11 - EQUITY

Share capital

The share capital of the Parent Company as at 30 June 2019 is represented by 440,291,054 shares of a single value of EUR 0.1 each. As at 31 December 2018 the share capital was represented by 440,291,054 shares of a single value of EUR 0.7 each. On 29 April 2019, and for the purpose of restoring balance to the Parent Company's equity situation, the General Meeting of Shareholders resolved to decrease the share capital by reducing the nominal value by EUR 0.6. As a consequence of the share capital reduction there was an increase in the Parent Company's reserves of EUR 264,175 thousand.

All of the shares have been fully subscribed and paid up and have the same political and economic rights.

All the shares of Audax Renovables, S.A. are admitted to official trading on the continuous market of the Spanish Stock Exchange. The price of the Parent Company's shares as at 30 June 2019 was of EUR 2.078 per share (EUR 1.285 per share as at 31 December 2018).

The breakdown of the shareholders of the Parent Company holding more than 10% shares as at 30 June 2019 and 31 December 2018 is as follows:

	30.06.19	31.12.18
Shareholders	%	%
Electrica Nuriel, S.L.U.	90.70%	90.73%
Other shareholders (*)	9.30%	9.27%
Total	100.00%	100.00%

Other equity accounts:

a) Share premium account

The share premium is unrestricted. This account can only be affected by resolutions of the General Meeting of Shareholders of the Parent Company.

b) Legal reserve

The companies that report profit for the financial year are obliged to allocate 10% of the profit to this reserve until it reaches at least 20% of share capital. This reserve, as long as it does not exceed the aforementioned limit, 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 amount that exceeds 10% of the capital already increased.

As at 30 June 2019 the Parent Company has a Legal Reserve valued at EUR 19,026 thousand (EUR 17,029 thousand as at 31 December 2018).

c) Treasury shares

As at 30 June 2019 and 31 December 2018, the Parent Company does not own treasury shares.

d) Translation differences

This account of the consolidated balance sheet includes the net amount of the translation differences arising from the translation into euros of the balances of functional currencies of the consolidated companies whose functional currency is not the euro. At 30 June 2019 as well as at 31 December 2018 the balances reflect mainly the impact of the historical price fluctuations of the Polish zloty against the euro.

e) Distribution of earnings

The General Meeting of Shareholders held on 29 April 2019 resolved to carry out the following distribution of profit for the year 2018 of the Parent Company:

Basis for distribution	Euros
Profit and loss (loss)	19,975,375
Total	19,975,375
Basis for distribution	Euros
To the legal reserve	1,997,537
To compensate losses from previous years	17,977,837
Total	19,975,375

Profit/ (Loss) per share:

Profit or loss per share is calculated by dividing the profit attributable to the shareholders of the Parent Company by the weighted arithmetic mean of ordinary shares circulating during the period:

	30.06.19	30.06.18
Number of shares	440,291,054	140,003,778
Average number of shares	440,291,054	140,003,778
Profit (loss) attributable to the Parent Company (EUR thousand)	6,760	(2,080)
Profit / (loss) per share (euros per share)		
- Basic	0.0154	(0.0149)
- Diluted	0.0154	(0.0149)

There are no financial instruments that could dilute the profit per share.

f) Non-controlling interests

The movement of the non-controlling shares has been as follows:

Balance at 31 December 2017	13,132
Changes to the scope (Note 2)	19,350
Profit (loss) for the year	992
Dividend distribution	(167)
Other movements	(49)
Balance at 31 December 2018	33,258
Profit (loss) for the year	1,491
Dividend distribution	(146)
Held for sale (Note 9)	(383)
Other movements	(5,264)
Balance at 30 June 2019	28,956

The breakdown of the non-controlling interests by entity as at 30 June 2019 and 31 December 2018 is as follows:

	31.12.18	30.06.19
Audax Netherlands, B.V	11,861	11,371
Eryx investments 2017, S.L. *	20,264	17,069
Eoliennes de Beausemblant, SAS	754	470
Gestora Fotovoltaica de Castellon, S.L.	356	-
Others	23	46
	33,258	28,956

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

NOTE 12 – PROVISIONS AND CONTINGENCIES

The breakdown of provisions as at 30 June 2019 and 31 December 2018 is as follows:

	Balance 30.06.19	Balance 31.12.18
Provision for liabilities	-	827
Provision for dismantling	1,325	1,843
Total	1,325	2,670

Provision for liabilities

This account includes mainly the provisions created in order to tackle contingent liabilities towards certain public entities with a maturity of over one year. During the first half year of 2019 the maturity term of these provisions has become shorter than one year, therefore they are accounted for as current payables.

Dismantling provision

As at 30 June 2019 the Group has recorded a provision of EUR 1,325 thousand to cover the costs of dismantling the wind farms that are now in operation. The decrease as against the previous year is due to the classification of certain wind farms as held for sale (Note 9).

The Directors of the Parent Company consider that the provisions and other recorded liabilities cover sufficiently the ones referred to in this note.

NOTE 13 – FINANCIAL LIABILITIES

The breakdown of the financial liabilities, without including trade and other payables, for the first six months of 2019, is as follows:

	30.06.19	31.12.18
Bonds and other negotiable securities	98,068	96,938
Bank loans	69,400	129,873
Lease liabilities	8,053	-
Financial derivatives liabilities (Note 8)	4,172	11,373
Other financial liabilities	19,803	34,409
Total non-current financial liabilities	199,496	272,593
Bonds and other negotiable securities	88,923	67,985
Bank loans	95,784	103,713
Lease liabilities	1,343	-
Financial derivatives liabilities (Note 8)	827	462
Other financial liabilities	22,701	16,495
Total current financial liabilities	209,578	188,655

Over the first half year of 2019 the following changes to the financial liabilities of the Group took place:

Bonds and other negotiable securities

In January 2017 Audax Energía, S.A. registered a programme of corporate promissory notes on the Alternative Fixed-Income Market (MARF) for the maximum amount of EUR 50,000 thousand, the drawn down balance of which as at 31 December 2018 was of EUR 49,898 thousand with maturity in 2019. This promissory note programme was expanded on 13 February 2019 by a maximum amount of EUR 75,000 thousand with maturities of up to 2 years. As at 30 June 2019 the drawn down balance amounts to EUR 74,782 thousand.

In the first half year 2019 the Company carried out the total settlement of the amount of EUR 4,160 thousand of the outstanding balance of the private contract on issuance of promissory notes for the maximum amount of EUR 5,000 thousand signed on 11 July 2018 between Audax Renovables, S.A. and Toro Finance, S.L.U. (Bravo Capital).

Bank loans

The breakdown of bank loans is the following:

	30.06.19	31.12.18
Project Finance	49,428	102,711
Loans	19,972	27,162
Total non-current	69,400	129,873
	30.06.19	31.12.18
Project Finance	7,345	13,541
Loans	24,487	26,402
Lines of credit	23,723	21,684
Reverse factoring and similar	40,229	42,086
Total current	95,784	103,713

The companies Eólica del Pino S.L., Eólica el Pedregoso S.L., Eoliennes de Beausemblant, SAS, Parque Eólico Hinojal S.L., 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.

The decrease in the Project Finance liabilities results from the fact that as at 30 June 2019 all the assets and liabilities related to the agreements for the sale of the shares of the companies Parc Eòlic Mudefer, S.L.U. and Gestora Fotovoltaica de Castellón, S.L., were classified as non-current assets and liabilities held for sale (Note 9).

Regarding the loans for financing the wind farms with liabilities under "Project Finance", as at 30 June 2019 there are no indications of future noncompliance with the requirements set forth in those agreements, which could give rise to their early redemption.

Furthermore, these loans require that companies record a Debt Service Reserve Fund (FRSD) through their bank accounts as additional guarantee for the bank syndicate. As at 30 June 2019, the following reserve funds were included in the 'Other current financial assets' account:

Company	30.06.19	31.12.18
Eólica el Pedregoso, S.L.	768	768
Eólica del Pino, S.L.	385	385
Eoliennes de Beausemblant, SAS	632	632
Parque Eólico Hinojal, S.L.U.	1,784	1,784
Parc Eòlic Mudefer, S.L.U. *	-	3,819
Eólica Postolin Sp. z o.o.	1,494	1,478
Total	5,063	8,866

* As at 30 June 2019 classified as assets held for sale in the amount of EUR 3,850 thousand (Note 9)

Lease liabilities

Lease liabilities correspond to the application of IFRS 16 from 1 January 2019 (Note 2).

Under this standard a right-of-use asset and a lease liability is recorded at present value of the fixed payments to be made over the lease term.

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:

	30.06.19	31.12.18
Accounts payable to Group entities (Note 17)	431	15,038
Other liabilities	19,372	19,371
Total other non-current financial liabilities	19,803	34,409
Accounts payable to Group entities (Note 17)	22,001	11,307
Other liabilities	700	5,188
Total other current financial liabilities	22,701	16,495

Other liabilities include a debt of the Dutch company called Audax Netherlands amounting to EUR 19,372 thousand of a subordinate loan with the entity Kartesia.

NOTE 14 - 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 9,169 thousand). The received subsidies are recorded in the profit (loss) according to the depreciation of the wind farm. In the first six months of the year 2019 under 'Other operating income' the amount of EUR 137 thousand was recorded (EUR 137 thousand in the first six months of the year 2018).

NOTE 15 – CORPORATE INCOME TAX

The movement during the first half year 2019 and over the year 2018 corresponding to the deferred tax assets and liabilities is as follows:

	Balance 31.12.18	Recognitions	Derecognitions	Held for sale (Note 9)	Transfers	Translation differences	Balance 30.06.19
Deferred tax assets	5,461	345	(1,199)	(1,545)	639	6	3,707
Deferred tax liabilities	(29,755)	(36)	4,329	2,653	(639)	(8)	(23,456)
Total	(24,294)	309	3,130	1,108	-	(2)	(19,749)

	Balance 31.12.17	Recognitions	Derecognitions	Change of scope	Transfers	Translation differences	Balance 31.12.18
Deferred tax assets	1,103	2,065	(514)	250	2,565	(8)	5,461
Deferred tax liabilities	(18,391)	(1,398)	2,791	(10,195)	(2,565)	3	(29,755)
Total	(17,288)	667	2,277	(9,945)	-	(5)	(24,294)

Deferred tax assets include mainly the tax effect of recognition of derivative liabilities (Note 8), as well as temporary differences from recognised expenses that have not yet become tax-deductible.

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. and of Unieléctrica Energía S.A..

In addition to the aforementioned deferred tax assets recorded as at 30 June 2019, the Audax Renewables Group has tax loss carry-forwards (TLCs) available for offset amounting to EUR 158,519 thousand, as well as a deferred tax asset balance of EUR 5,511 thousand. The Audax Renewables Group has decided not to recognise these amounts in its interim condensed consolidated financial statements as it considers that there are uncertainties regarding the ability to recover them.

The Parent Company, as well as other companies of the Group, are subject to Corporate Income Tax under the consolidated tax system along with the following companies where Excelsior Times, S.L. is the head entity of the tax group:

Excelsior Times, S.L.U	The Energy House Group, S.L.U.	Audax Solar SPV XV III S.L.U
Eléctrica Nuriel, S.L.U	Eryx Investments, S.L.	Audax Solar SPV XXIII
Audax Green, S.L.U	Audax Fotovoltaica, S.L.U.	Audax Solar SPV XXIV
Orus Properties, S.L.U	Audax Solar SPV I, S.L.U	Audax Solar SPV XXV
Orus Renovables, S.L.U	Audax Solar SPV II S.L.U	Audax Solar SPV XXVI
Generación Iberia, S.L.U	Audax Solar SPV III S.L.U	Audax Solar SPV XXVII
Svendborg PV VII, S.L.U	Audax Solar SPV IV S.L.U	Audax Solar SPV XXVIII
Aspy Global servicios, S.L.U	Audax Solar SPV V S.L.U	Audax Solar SPV XXIX
Aspy Prevención, S.L.U	Audax Solar SPV VI S.L.U	Audax Solar SPV XXX
Spay Seguridad y Salud, S.L.U	Audax Solar SPV VII S.L.U	Audax Solar SPV XXXI
Aspy Salud Global, S.L.U	Audax Solar SPV VIII S.L.U	Audax Solar SPV XXXII
Aspy Formación, S.L.U	Audax Solar SPV IX S.L.U	Audax Solar SPV XXXIII
Audax Renovables, S.A.	Audax Solar SPV X S.L.U	Audax Solar SPV XXXIV
Fersa Asesoramiento y Gestión, S.L.U	Audax Solar SPV XI S.L.U	Audax Solar SPV XXXV
Parque Eólico Hinojal, S.L.U	Audax Solar SPV XII S.L.U	Audax Eólica S.L.U.
Parc Eolic Mudefer, S.L.U	Audax Solar SPV XIII S.L.U	Unieléctrica Energía, S.A.
Explotación La pedrera, S.L.U	Audax Solar SPV XIV S.L.U	Eólica El Pedregoso, S.L.
Fercom Eólica, S.L.U	Audax Solar SPV XV S.L.U	Eólica Del Pino, S.L.
Parc Eólic Coll de Som, S.L.U	Audax Solar SPV XVI S.L.U	Aználcollar Solar, S.A.U.,
ADS Energy 8.0, S.L.U.	Audax Solar SPV XVII S.L.U	

NOTE 16 – INCOME AND EXPENSES

Ordinary income and procurement

The breakdown of Ordinary income is as follows:

	30.06.19			30.06.18		
	Spain and Portugal	Rest of Europe	Total	Spain and Portugal	Rest of Europe	Total
Operating income						
Energy retailing	371,178	133,128	504,306	294,955	115,143	410,098
Energy generation	15,520	5,298	20,818	13,973	3,508	17,481
Total	386,698	138,426	525,124	308,928	118,651	427,579

The breakdown of Procurement is as follows:

	30.06.19			30.06.18		
	Spain and Portugal	Rest of Europe	Total	Spain and Portugal	Rest of Europe	Total
Procurement and others						
Energy retailing	344,455	119,328	463,783	279,506	104,168	383,674
Total	344,455	119,328	463,783	279,506	104,168	383,674

Staff costs

The breakdown of Staff costs as at 30 June 2019 and 2018 is as follows:

	30.06.19	30.06.18
Wages and salaries	8,205	7,435
Employer contributions	1,958	1,695
Other social expenses	268	296
Total	10,431	9,426

The average number of employees for the first six months of the year 2019 and 2018 has been as follows:

	Average number	
	30.06.19	30.06.18
Management *	3	3
Managers, professionals, technicians and similar	105	113
Back office staff	355	258
Other salaried staff	69	67
Total	532	441

* 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 BOE of 23 March 2007, the number of employees of the Audax Renovables Group as at 30 June 2019 and 2018 broken down by category and gender is as follows:

	30.06.19		30.06.18	
	Women	Men	Women	Men
Management *	2	1	1	2
Managers, professionals, technicians and similar	30	81	40	85
Back office staff	221	138	196	110
Other salaried staff	35	33	35	35
Total	288	253	272	232

* including internal auditor.

Other operating expenses

The breakdown of Other operating expenses as at 30 June 2019 and 2018 is as follows:

	30.06.19	30.06.18
Leases	285	1,062
Repairs and maintenance	2,276	2,707
Assessment services	3,559	3,417
Insurance premiums and commissions	981	723
Supplies and other services	989	704
Other operating expenses	5,089	5,064
Taxes	4,407	4,031
Loss, impairment and change in provisions	912	1,267
Total	18,498	18,975

Net Financial Income (Expense)

The breakdown of this account in the consolidated profit and loss statement as at 30 June 2019 and 2018 is as follows:

	30.06.19	30.06.18
Financial income from shareholding in third parties	-	18
Financial income from group companies receivables	1,748	805
Financial income from third party receivables	226	858
Financial expenses arising from bond issuing	(2,962)	(2,400)
Financial expenses from debt and other financial cost	(7,375)	(6,976)
Impairment and profit (loss) on disposal of financial instruments	202	1,192
Change in fair value of financial instruments	-	-
Exchange differences	(11)	(50)
Financial profit (loss)	(8,172)	(6,553)

NOTE 17 – INFORMATION ON RELATED PARTY TRANSACTIONS

The transactions carried out in the first half year of 2019 between Audax Renovables, S.A. and the natural or legal persons related to it are specified below.

Related parties are:

- 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.

- 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 18.
- All the companies belonging to the Excelsior Group.

a) Transactions with significant shareholders and companies of the Excelsior Group

The amounts of the related party transactions are as follows:

30.06.19	Group companies	Other related parties	Total
<i>Income</i>			
Net turnover	4,460	2	4,462
Services rendered	659	15	674
Financial instruments			
Financial income	1,579	8	1,587
Total income	6,698	25	6,723
<i>Expenses</i>			
Purchases	1,405	-	1,405
Other received services	1,170	6	1,176
Financial instruments			
Financial expenses	59	-	59
Total expenses	2,634	6	2,640

Income

In the first half year of 2019, Audax Renovables, S.A. has provided energy to the companies of the Excelsior Group, the most significant operation being the sale of natural gas to Audax Green, S.L.U. for the amount of EUR 4,011 thousand. Additionally, the company Audax Renovables, S.A., in the first half year of 2019, provided energy to other companies of the Excelsior Group, the most significant operation being the supply to Aspy Prevención, S.L.U. for the amount of EUR 177 thousand.

Moreover, in the first half year of 2019, Audax Renovables has rendered representation services to other companies of the group engaged in energy production for the amount of EUR 547 thousand.

In the first half year of 2019, Excelsior Times, S.L.U. has accrued interest amounting to EUR 1,577 thousand related to the loans agreements signed with Audax Renovables, S.A. for the amount of EUR 84,502 thousand.

Expenses

In the first half year of 2019, Audax Renovables, S.A. has purchased energy from Audax Green, S.L.U. and from Svendborg PV VII, S.L.U. (companies of the Excelsior Group) for the amount of EUR 1,012 thousand and EUR 200 thousand, respectively.

In the first half year of 2019, the company Excelsior Times, S.L.U., the parent company of the Excelsior Group, has rendered management services to Audax Renovables, S.A., the parent company of the Audax Renovables Group, for the amount of EUR 1,066 thousand.

Also in the first half year of 2019, Audax Renovables, S.A. sustained the costs of the Orus Renovables, S.L.U. company (which is part of the Excelsior Group) amounting to EUR 81 thousand) for lease of office space.

b) Balances with related parties

Accounts payable and receivable with related parties as at 30 June 2019 and as at 31 December 2018 are as follows:

30.06.19	Group companies	Other related parties	Total
Loans and receivables			
Claims (Note 7)	107,212	3,953	111,165
Total non-current assets	107,212	3,953	111,165
Trade and other receivables			
Short-term receivables from group companies and associates	1,548	-	1,548
Loans and receivables			
Claims (Note 7)	170	-	170
Other financial assets			-
Total current assets	1,718	-	1,718
Total assets	108,930	3,953	112,883
Long-term payables to group companies and associates	-	431	431
Total non-current liabilities	-	431	431
Short-term payables to group companies and associates	22,117	(116)	22,001
Trade and other payables			
Short-term suppliers, group companies and associates	579	-	579
Total current liabilities	22,696	(116)	22,580
Total liabilities	22,696	315	23,011

31.12.18	Group companies	Other related parties	Total
Loans and receivables			
Claims (Note 7)	87,810	2,910	90,720
Total non-current assets	87,810	2,910	90,720
Trade and other receivables			
Short-term receivables from group companies and associates	436	-	436
Loans and receivables			
Claims (Note 7)	2,616	99	2,715
Other financial assets			-
Total current assets	3,052	99	3,151
Total assets	90,862	3,009	93,871
Long-term payables to group companies and associates	14,402	636	15,038
Total non-current liabilities	14,402	636	15,038
Short-term payables to group companies and associates	11,307	-	11,307
Trade and other payables			
Short-term suppliers, group companies and associates	803	-	803
Total current liabilities	12,110	-	12,110
Total liabilities	26,512	636	27,148

As at 30 June 2019 the loans and receivables balances with the group companies correspond mainly to loans granted by Audax Renovables, S.A. and its subsidiaries to Excelsior Times, S.L.U.. As at 30 June 2019 the amount of non-current loans granted to Excelsior Times S.L.U. is of EUR 97,092 thousand (EUR 80,009 thousand as at 31 December 2018), including the principal and interest.

Likewise, the current accounts payable with the group companies as at 30 June 2019 include mainly an account payable to the company Audax Fotovoltaica, S.L.U. amounting to EUR 16,384 thousand for the purchase of the shares of Audax Solar SPV III S.L.U., Audax Solar SPV IV S.L.U., Audax Solar SPV V S.L.U., Audax Solar SPV VI S.L.U., Audax Solar SPV IX S.L.U., Aznalcollar Solar S.A.U. (Note 2).

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 3,953 thousand (EUR 2,910 thousand as at 31 December 2018).

NOTE 18 - INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration of the members of the Board of Directors

In the first half year of 2019, the amount accrued by all the members of the Board of Directors of Audax Renovables, S.A. is of EUR 82 thousand (EUR 71 thousand in the first half year of 2018) for their membership of the Board of Directors and of its different Delegated Committees, as well as corresponding, where appropriate, to their employment relationship or their direct responsibility at different executive levels.

The remuneration encompasses the performance of duties either individually or jointly and the oversight and responsibility required by the office.

As at 30 June 2019 the Board of Directors of the Parent Company is composed of 5 men (6 men as at 30 June 2018).

Other information on Directors

In the first half year of 2019 no situations of direct or indirect conflict of interest occurred between the members of the Board of Directors and the Company.

Management's remuneration

The remuneration charged for all kinds of reasons in the first half year of 2019 by the Group's Senior Management amounted to EUR 128 thousand (EUR 142 thousand for the same period in 2018). Furthermore, there is one contract which establishes the right to receive a severance payment in the event of termination of the employment relationship for certain reasons.

As at 30 June 2019 the Senior Management of the Group is made up of 2 women and 1 man, including the internal auditor (1 woman and 2 men as at 30 June 2018).

NOTE 19 - SURETIES AND GUARANTEES WITH THIRD PARTIES

As at 30 June 2019 the Group has been given bank guarantees amounting to EUR 56,212 thousand (EUR 75,041 thousand as at 31 December 2018) to cover the relevant obligations with third parties.

The Directors of the Parent Company do not expect that significant liabilities arise from these guarantees and sureties that have been granted, which could affect these Interim Condensed Consolidated Financial Statements.

NOTE 20 – SIGNIFICANT ASPECTS OF THE PARENT COMPANY

With the exception of what has already been mentioned in these Interim Condensed Consolidated Financial Statements, in the first half year of 2019 there have been no significant aspects likely to affect the Parent Company, Audax Renovables, S.A..

NOTE 21 – SUBSEQUENT EVENTS

In July 2019, after fulfilling certain conditions precedent, the Parent Company carried out the sale of the companies Parc Eòlic Mudefer, S.L.U and Gestora Fotovoltaica de Castellón, S.L. (Nota 9).

In July 2019, Audax Renovables, S.A. signed a long-term power purchase agreement with the company Statkraft for the period of 10 years and a volume of 525 GWh.

Except for the above, there have been no significant events subsequent to the date of the execution of these Interim Condensed Consolidated Financial Statements for the period of six months ended on 30 June 2019.

APPENDIX I:

AUDAX RENOVBABLES GROUP COMPANIES AS AT 30 JUNE 2019

a) Shareholdings in subsidiary companies

Company's name	Registered address	Country	Objects	Shareholding direct + indirect
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%
Parc Eòlic Mudefer, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%
Fercom Eólica, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%
Gestora Fotovoltaica de Castellón, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Holding	76%
Fotovoltaica Fer, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Weinsberg Ecotec, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Fotovoltaica Ecotec, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Joso Fotovoltaica, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Fotovoltaica Padua, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Fotovoltaica Vergos, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Fotovoltaica La Mola, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Inversions Trautt, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Fotovoltaica de Castelló, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Fotovoltaica de les Coves, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Inversions Vinroma, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Parque Eólico Hinojal, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%
Eólica Postolin Sp Z.o.o	Ul. Libelta 2/1, 85-080 Bydgoszcz, POLONIA	Poland	Generation	100%
Fersa Asesoramiento y Gestión, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%
Parc Eòlic Coll De Som, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%
Eolica Warblewo Sp Z.o.o	Ul. Libelta 2/1, 85-080 Bydgoszcz, POLONIA	Poland	Generation	65%
Eoliennes De Beausemant, S.A.S.	1 Chemin Lavigne 64800 Mirepeix (Francia)	France	Generation	80%
Castellwind 03, S.L.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	60%
Entreyeltes 1, S.L.	Calle Farmaceutico Obdulio Fernandez 11, Bajo, Burgos 09 (Burgos)	Spain	Generation	51%
ADS Energy 8.0., S.L.U.	Calle Ramón Rubial 6-8, 08911 Badalona (Barcelona)	Spain	Retailing	100%
Propensalternativa Unipessoal, LDA	Avda. das Nações Unidas, 23, Escritorio C, Telheiras, 1600531 Lisboa (Portugal)	Portugal	Retailing	100%
Generación Iberia, S.L.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Retailing	100%
Audax Energía, S.R.L.	Via Candiolo, 2, 10048 Vinovo (Torino) Italia	Italia	Retailing	100%
Audax Energie, GmbH	Otto Franke Strabe, 97, 12489 Berlin, Alemania	Germany	Retailing	100%
Audax Energía, SP, Z.O.O.	Ul. Żurawia 6/12, 00-503 Warsaw (Polonia)	Poland	Retailing	100%
Audax Netherlands B.V.	Stammerkamp 1 . 1112 Ve Diemen (The Netherlands)	the Netherlands	Retailing	72%
Main Energie, B.V.	Stammerkamp 1 . 1112 Ve Diemen (The Netherlands)	the Netherlands	Retailing	72%
Eryx Investments, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Retailing	80%
Unieléctrica Energía, S.L.	Avda. 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	54%
Nabalía 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	50%
Vivo Energía Futura, S.A.	Avda. San Salvador 18, local, Badalona (Barcelona)	Spain	Retailing	50%
Iris Energía Eficiente, S.A.	Avda. Miguel de Cervantes 23, Murcia	Spain	Retailing	54%
Audax Solar SPV III, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%
Audax Solar SPV IV, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%
Audax Solar SPV V, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%
Audax Solar SPV VI, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%
Audax Solar SPV IX, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%
Aznalcóllar Solar, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%

b) Shareholdings in associated companies and joint ventures

Company's name	Registered address	Country	Objects	Shareholding direct + indirect
Berta Energías Renovables, S.L.	Travessera de Gràcia, 56 entresuelo (Barcelona)	Spain	Generation	26%
A.I.E. Subestación y Línea 2004	Doctor Romagosa 1, planta 3 46002 (Valencia)	Spain	Generation	30%
Parque Eólico Toabré, S.A.	Cincuenta, edificio 2000, 5a planta Ciudad de Panamá, PANAMÁ	Panama	Generation	30%

AUDAX RENEWABLES GROUP COMPANIES AS AT 31 DECEMBER 2018

a) Shareholdings in subsidiary companies

Company's name	Registered address	Country	Objects	Shareholding 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 Nações Unidas, 23, Escritorio C, Telheiras, 1600531 Lisboa (Portugal)	Portugal	Retailing	100%
Generación Iberia, S.L.	Calle Adolfo Pérez Esquivel 3, P1 PT12, 28232 Las Rozas de Madrid (Madrid)	Spain	Retailing	100%
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%
Parc Eòlic Mudefer, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%
Fercom Eólica, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%
Gestora Fotovoltaica de Castellón, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Holding	76%
Fotovoltaica Fer, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Weinsberg Ecotec, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Fotovoltaica Ecotec, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Joso Fotovoltaica, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Fotovoltaica Padua, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Fotovoltaica Vergos, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Fotovoltaica La Mola, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Inversions Trautt, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Fotovoltaica de Castelló, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Fotovoltaica de les Coves, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Inversions Vinroma, S.L.	Avenida Diagonal 459, P.2 PTA.2, 08036 Barcelona (Barcelona)	Spain	Generation	76%
Parque Eólico Hinojal, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%
Eólica Postolin Sp Z.o.o	Ul. Libelta 2/1, 85-080 Bydgoszcz, POLONIA	Poland	Generation	100%
Fersa Asesoramiento y Gestión, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%
Parc Eòlic Coll De Som, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	100%
Eolica Warblewo Sp Z.o.o	Ul. Libelta 2/1, 85-080 Bydgoszcz, POLONIA	Poland	Generation	65%
Eoliennes De Beausemblant, S.A.S.	1 Chemin Lavigne 64800 Mirepeix (Francia)	France	Generation	80%
Castellwind 03, S.L.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Generation	60%
Entreyteltes 1, S.L.	Calle Farmaceutico Obdulio Fernandez 11, Bajo, Burgos 09 (Burgos)	Spain	Generation	51%
Audax Energia, S.R.L.	Via Candiolo, 2, 10048 Vinovo (Torino) Italia	Italy	Retailing	100%
Audax Energie, GmbH	Otto Franke Strabe, 97, 12489 Berlin, Alemania	Germany	Retailing	100%
Audax Energia, SP, Z.O.O.	Ul. Żurawia 6/12, 00-503 Warsaw (Polonia)	Poland	Retailing	100%
Audax Netherlands B.V.	Stammerkamp 1, 1112 Ve Diemen (The Netherlands)	the Netherlands	Retailing	72%
Main Energie, B.V.	Stammerkamp 1, 1112 Ve Diemen (The Netherlands)	the Netherlands	Retailing	72%
Eryx Investments, S.L.U.	Avenida Navarra 14, 08911 Badalona (Barcelona)	Spain	Retailing	80%
Unieléctrica Energía, S.L.	Avda. 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	54%
Nabalia Energía 2.000, S.A.	Plaça Urquinaona 7, Barcelona (Barcelona)	Spain	Retailing	46%
Acsol Energia Global, S.A.	Rd de Europa 60 (edificio Eurocentre), Vilanova i la Geltrú (Barcelona)	Spain	Retailing	50%
Vivo Energía Futura, S.A.	Avda. San Salvador 18, local, Badalona (Barcelona)	Spain	Retailing	50%
Iris Energía Eficiente, S.A.	Avda. Miguel de Cervantes 23, Murcia	Spain	Retailing	54%

b) Shareholdings in associated companies and joint ventures

Company's name	Registered address	Country	Objects	Shareholding direct + indirect
Berta Energies Renovables, S.L.	Travessera de Gràcia, 56 entresuelo (Barcelona)	Spain	Generation	26%
A.I.E. Subestación y Línea 2004	Doctor Romagosa 1, planta 3 46002 (Valencia)	Spain	Generation	30%
Parque Eólico Toabré, S.A.	Cincuenta, edificio 2000, 5a planta Ciudad de Panamá, PANAMA	Panama	Generation	30%

AUDAX RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT AS AT 30 JUNE 2019

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: Avenida de Navarra número 14, 08911 Badalona (Barcelona).

Audax and its Subsidiaries (hereinafter: the Group) operates on the markets in Spain, Portugal, Poland, Germany, Italy, France, the Netherlands and Panama. The Group is the result of a merger between Audax Renovables, S.A. and its parent company, Audax Energía, S.A., carried out in the year 2018.

Its principal 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.
- Development, construction and exploitation of all kinds of activities related to electricity generation from 100% renewable sources.

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.

The share capital of Audax, as at 30 June 2019, is distributed in the following manner:

Shareholder	Shareholding
Eléctrica Nuriel, S.L.	90.70%
Free float	9.30%
Total	100.00%

1.1. Organisational structure

The Group manages jointly the businesses of both retailing and generating energy in order to optimise the vertical integration that has been carried out. Thus the entity's management is able to act flexibly in each one of the two 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/informe-del-gobierno-corporativo/>

1.2. Company's structure

The majority shareholder of Audax is Eléctrica Nuriel, S.L., which holds 90.70% of the shares. In turn, 100% of shares of Eléctrica Nuriel, S.L. belong to Excelsior Times, S.L.U. with its registered address at: Avenida de Navarra número 14, 08911 Badalona (Barcelona).

The corporate chart of Audax as at 30 June 2019 is presented in Appendix I to this report.

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 company in different European countries: Portugal (2013), Italy (2014), Germany (2015), Poland (2016) and the Netherlands (2017).

(ii) A better positioning on the Spanish market by way of both organic and inorganic growth.

(iii) The maintenance and optimisation of the facilities for the generation of energy from 100% renewable sources, thus enabling the vertical integration with the retailing activity and providing the customers with 100% renewable energy.

The main course of action towards 2022 presented in the first half year 2019 is as follows:

1. Strengthen Audax's leadership as the top independent retailer in the SME segment in Spain.
2. Double its profitability covering 2/3 of the energy supplied under long-term PPA contracts based on own and third parties' production and on the assets rotation policy.
3. Replicate the success attained in Spain on international markets where the company is already present.

2. Evolution and results of the business

2.1. Significant events of the period

Audax Renovables ends the first half year of 2019 with a Net Profit amounting to EUR 6,760 thousand in comparison to the loss of EUR 2,080 thousand for the same period of the previous year and the EBITDA* amounting to EUR 33,133 thousand, which is an increase of 110% compared to the same period of the previous year.

**EBITDA defined as Operating profit (loss) – Amortisation and depreciation*

Among the most important events of the period we can point out the following:

- On 18 February the Company renewed its current promissory notes programme of EUR 50,000 thousand, extending it by a new programme amounting to a maximum of EUR 75,000 thousand with maturity of up to 24 months.
- On 4 February the Company informed that it would act as a representative for electricity retailing on the Portuguese market from the photovoltaic plant Ourika of 46 MWp, developed by WELink Group and owned by the company Morningchapter S.A., controlled by Allianz Insurance Companies, under a Power Purchase Agreement (PPA) for the next 20 years.
- On 7 February the Company informed about the execution of a representation contract for electricity retailing on the Portuguese market from the photovoltaic plant Solara4 of 218.8 MWp, under a PPA at fixed price for 20 years, signed with WELink Investment Holdings (Ireland) Ltd., under which Audax Renovables will purchase the energy generated by projects developed in Spain and Portugal, with a possibility to reach a total of 708 MW.
- On 19 March a framework agreement was signed which regulates the long-term purchase and sale of electricity from various photovoltaic plants of the company Trina Solar (Spain) Systems S.L.U. in Spain. During 20 years and under PPAs the Company will purchase all the energy generated by photovoltaic plants with a capacity of up to 300 MWp.
- In April the Company informed that the rating agency AXESOR assigned to Audax Renovables, S.A. a "BBB-" stable outlook rating.
- On 8 May Audax announced the incorporation of photovoltaic projects 320 MW

located in Andalucía, Castilla la Mancha and Murcia, 60 MW of which are in a very advanced stage. The projects were purchased for a total price of EUR 19,848 thousand. The energy generated in the future by those photovoltaic projects will be retailed through the incorporation of a PPA into the retail division of Audax Renovables.

- On 28 May Audax Renovables celebrated the first edition of its Investor Day. The presentation of the company was made by José Elías, the Chairman, founder and majority shareholder, Eduard Romeu, Vice Chairman and CFO, and Anabel López, General Manager. In their address, the three executives explained the company's history, its key factors and course of action for the future:

Audax Group targets

	2018		2022
Clients	306k	↗	+500k
Energy supplied	10 TWh	↗	+15 TWh
PPA coverage of supplied energy	1,668 MW *	↗	2/3
Revenues	±€1bn	↗	±€1.5bn
EBITDA	€53m	↗	+€100m
NFD NFD / EBITDA	€320m	↗	±1.5x

*MW in PPA agreements 2018 - 10/2018

Audax works with the intention to attain by 2022 a portfolio of more than 500 thousand clients, supply more than 15 TWh of energy, achieve an income of approximately EUR 1,500 million and an EBITDA of more than EUR 100 million, double its profitability and reduce its financial leverage due to strong cash generation.

2.2. Profit and loss for the year

It should be noted that at a comparative level the Consolidated Income Statement for the first half year of 2019 incorporates the figures of UniEléctrica of the first 6 months of 2019, whereas in the profit and loss for the first half year of 2018 the figures of UniEléctrica were consolidated from April to June 2018, due to its incorporation to the Group's scope from the date of its acquisition.

2.3. Analysis of the results

The most significant results figures for the first half year of 2019 in comparison to the first half year of 2018 are as follows:

Consolidated Income Statement	1H2019	1H2018	Var. (%)
Operating income	526,671	427,789	23.1
Gross Margin	62,888	44,115	42.6
EBITDA	33,113	15,743	110.3
EBIT	18,936	3,981	n.a.
Net Profit / Loss	6,760	-2,080	n.a.

EUR thousands

Operating income has increased by 22.8% mainly due to the fact that in the first half year of 2019 the figures of UniEléctrica for the first 6 months of the year 2019 were incorporated, whereas in the profit and loss for the first half year of 2018 the figures of UniEléctrica were consolidated from April to June 2018, due to its incorporation to the Group's scope from the date of its acquisition.

In the retail division the good performance both in Spain and in the Rest of Europe in comparison to the same period of the previous year brings an increase of the Gross Margin in this division of 26%, without taking into account the effect of the comparative figures of UniEléctrica mentioned above.

Likewise, the generation division brings an increase of 18% to the turnover in comparison to the same period of the previous year, due to the 15% growth in production, mentioned before, as well as to a higher average price over the half year in Spain (an increase of 3%) and the price of the Green Certificates in Poland (an increase of 80%), both in comparison to the first half of the previous year.

The EBITDA of the group amounts to EUR 33,113 thousand, in comparison to EUR 15,743 thousand in the previous year, which means an increase of 110,3% over this period.

Audax Renovables ends the first half year of 2019 with a Net Profit of EUR 6,760 thousand against the loss of EUR 2,080 thousand for the same period of the previous year.

2.4. Profit and loss by segments

The overview of the results up to EBITDA of the main business segments by geographical region in the year 2018 is as follows:

1H 2019	Supply			Generation			TOTAL
	Spain and Portugal	Rest of Europe ⁽¹⁾	Subtotal Retail	Spain	Rest of Europe ⁽²⁾	Subtotal Gener.	
Net turnover	372,552	133,022	505,574	15,663	5,434	21,097	526,671
Costs of sales	-344,688	-119,095	-463,783	0	0	0	-463,783
Gross Margin	27,864	13,927	41,791	15,663	5,434	21,097	62,888
Operating expenses	-15,252	-9,031	-24,283	-3,794	-852	-4,646	-28,929
Deterioration, reversal and disposal results	0	27	27	-873	0	-873	-846
EBITDA	12,612	4,923	17,535	10,996	4,582	15,578	33,113
EUR thousands							
1H 2018	Supply			Generation			TOTAL
	Spain and Portugal	Rest of Europe ⁽¹⁾	Subtotal Retail	Spain	Rest of Europe ⁽²⁾	Subtotal Gener.	
Net turnover	295,138	114,854	409,992	14,048	3,749	17,797	427,789
Costs of sales	-279,507	-104,167	-383,674	0	0	0	-383,674
Gross Margin	15,631	10,687	26,318	14,048	3,749	17,797	44,115
Operating expenses	-11,938	-9,982	-21,920	-5,452	-1,029	-6,481	-28,401
Deterioration, reversal and disposal results	0	29	29	0	0	0	29
EBITDA	3,693	734	4,427	8,596	2,720	11,316	15,743
EUR thousands							

Rest of Europe ⁽¹⁾ of Retail includes Italy, Poland, Germany and Netherlands

Rest of Europe ⁽²⁾ of Generation includes France and Poland

In the retail division, the good performance of the business and the incorporation of UniEléctrica to the Group in April 2018 after its acquisition mentioned above is reflected in the EBITDA evolution in the region of Spain and Portugal, the latter amounting to EUR 12,612 thousand, compared to EUR 3,693 thousand in the previous year.

The retail division of the Rest of Europe attains income amounting to EUR 133,022

thousand for the first half year of 2019 compared to EUR 114,854 thousand for the same period of the previous year (an increase of 16%).

In the generation segment a stronger wind resource in Spain as well as in the Rest of Europe, as well as a higher half-year average price, mainly in Spain and the Green Certificates in Poland, have contributed to the increase the income from EUR 17,797 thousand in the first half year of the previous year to EUR 21,097 thousand in the first half year of 2019 (up by 19%).

The Group's EBITDA has reached EUR 33,113 thousand, compared to EUR 15,743 thousand for the same period of the previous year, increasing by 110%.

2.5. Principal operating figures

The principal figures arranged by segments are as follows:

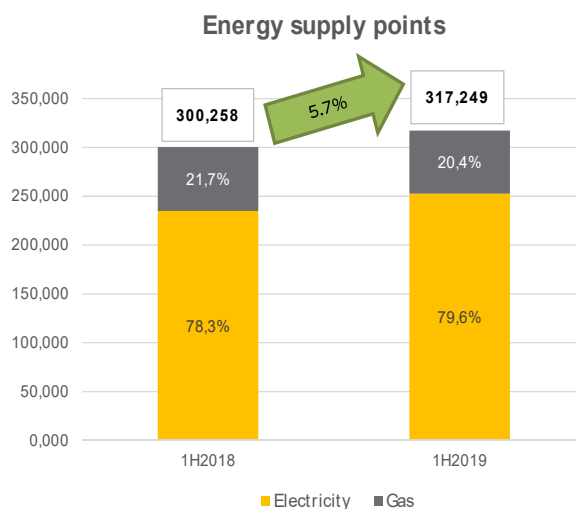
- o **Retailing:**

- o **Supply points:**

At the balance sheet date of the first half year of 2019 Audax has more than 317 thousand active energy supply points, approximately 5.7% more than in the same period of 2018.

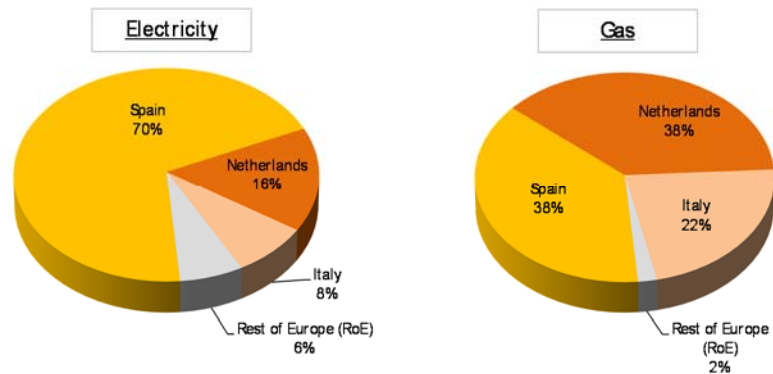
The electricity supply points, whose number increased the most throughout this period, represent 79.6% of the total quantity of supply points.

Natural gas retailing represents 20.4% of the total number of the Group's supply points.



The distribution of the supply points by geographical region and type of energy at the end of the first half year 2019 is as follows:

Energy supply points 1H2019

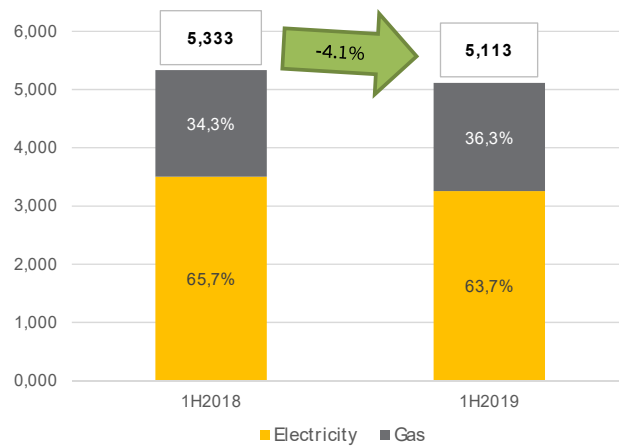


Supplied energy:

The total amount of energy supplied by Audax in the first half year of 2019 is of 5.1 TWh compared to 5.3 TWh for the same period of the previous year. However, this reduction, according to the R.E.E. report, is related to the decrease by 2.4% throughout the period of the demand in the Iberian Peninsula adjusted by working days and temperature.

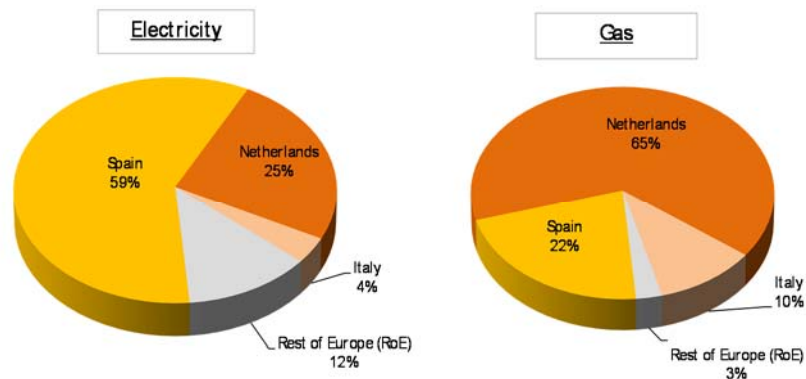
The supplied electricity constitutes 63.7% of the total amount of supplied energy and the supplied natural gas represents 36.3% of the total.

Energy supplied (GWh)



The distribution of the supplied energy by geographical region and type of energy at the end of the first half year of 2019 is as follows:

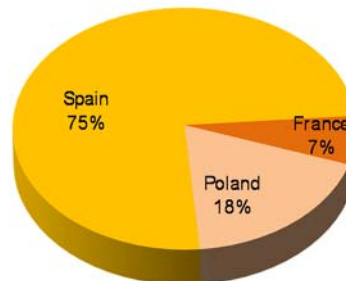
Energy supplied 1H2019



o **Generation:**

The Group's renewable energy generation division has not changed its installed capacity during the first half year of 2019 in comparison to the same period of the year 2018. Of the total amount of installed capacity, 1 MW corresponds to photovoltaic technology, and the rest (184 MW) is wind technology.

Installed capacity - 185 MW



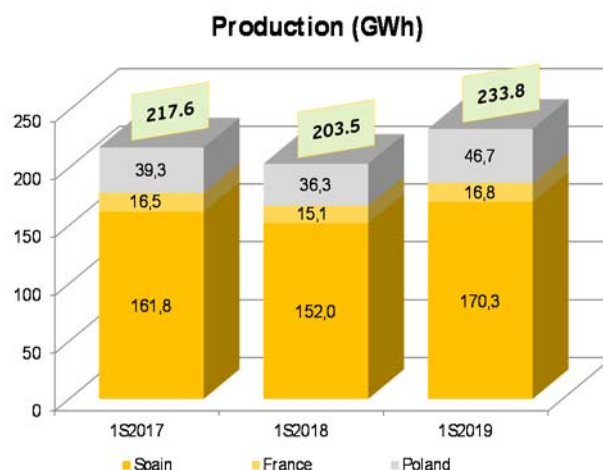
On 8 May 2019 photovoltaic project of 320 MW located in Andalucía, Castilla la Mancha and Murcia were incorporated; 60 MW of which are in a very advanced stage of execution. These projects, once they are put into operation, will supply approximately 600 GWh of green energy per year, equivalent to the yearly consumption of more than 175,000 households.

As a subsequent event, the company announced on 1 August the completion of the transfer of the purchase and sale agreements for two of its Spanish subsidiaries. This refers to the following transactions:

- Transfer of the direct shareholdings of 100% of share capital and associated loans of the company Parc Eòlic Mudéfer, S.L., a wind project located in the Tarragona province, with installed capacity of 57.6 MW;
- Transfer of the direct shareholdings of 76% and associated credit rights of the company Gestora Fotovoltaica de Castellón, S.L., a solar project located in the Castellón province, with installed capacity of 1.0 MW.

In May 2018 the company commenced the construction works of the first stage of the wind farm Parque Eólico Toabré of 66MW in Panama and the development continues in order to put the plant in operation at the end of the next year.

The production in the first half year of 2019 reached 233.8 GWh, approximately 15% more than in the same period of the previous year, mainly due to stronger wind resources observed in all the countries and an improved use of these resources. The distribution of the production by country is as follows:



3. Liquidity and Capital Resources

3.1. Leverage

Net Financial Debt	jun-19	dec-18	Var.	%
Financial Debt ⁽¹⁾	352,175	398,509	-46,334	-11.6
Other financial liabilities	29,468	62,778	-33,310	-53.1
Derivatives	2,529	-863	3,392	-393.0
Cash and other current financial assets	-89,475	-114,640	25,165	-22.0
Net Financial Debt ⁽²⁾	294,697	345,784	-51,087	-14.8
Net Equity ⁽³⁾	154,582	154,184	398	0.3
Leverage ⁽⁴⁾	65.6%	69.2%	-3.6	-5.2

EUR thousands

(1) Financial Debt = Debt of bonds and other marketable securities + Bank debts

(2) Net Financial Debt = Financial Debt + Other financial liabilities + Derivatives + Cash and other current financial assets

(3) Net Equity = Parent Company Net Equity + minority interests

(4) Leverage = Net Financial Debt / (Net Financial Debt + Net Equity)

The classification of the generation projects as held for sale contributes to the reduction of the Net Financial Debt related to those projects of a total amount of EUR 58,634 thousand.

In February 2019 Audax registered a promissory note programme under the name of 'Programa de Pagares Audax 2019' on the Alternative Fixed-Income Market ('MARF'), for a maximum amount of EUR 75 million and maturity periods of up to 24 months.

Due to the entry into force of IFRS 16 'Leases' applied from 1 January 2019 the account of Other Financial Liabilities increased by EUR 9,396 thousand in comparison to December 2018.

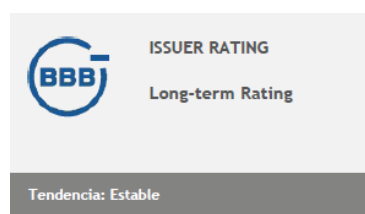
In the first half year of 2019 the payment of Other Financial Liabilities commenced thus reducing the amount of this account and of Cash and Cash Equivalents.

The Net Financial Debt as at 30 June 2019 amounts to EUR 294,697 thousand, compared to EUR 345,784 thousand as at 31 December 2018, with the Leverage decreasing by 5.2% (3.6 basis points).

Without taking into account the application of IFRS 16, the Net Financial Debt would have amounted to EUR 285,301 thousand with the Leverage at 64.9%, meaning a decrease of this figure by 6.2% in comparison to December 2018.

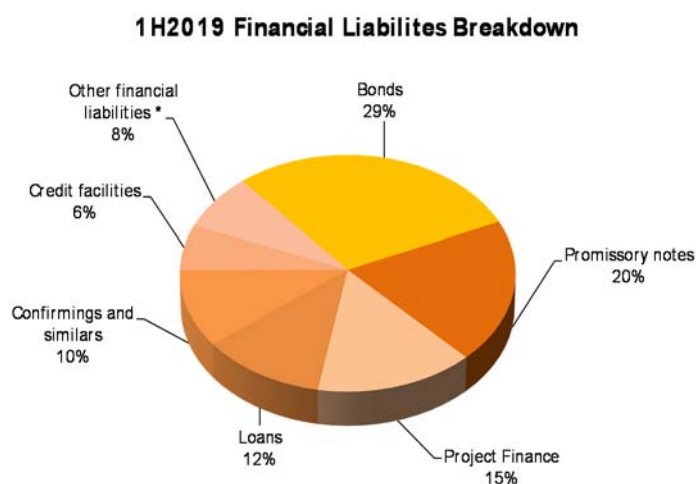
3.2. Rating management

As at 31 December 2018 the Group maintains a BBB- with stable outlook rating issued by AXESOR RISK MANAGEMENT S.L.U.



3.3. Debt structure

Regarding Financial Liabilities defined as the sum of the Financial Debt plus Other Financial Liabilities in the Net Financial Debt table, their breakdown presented according to the debt type is as follows:



* Other financial liabilities includes EUR 9,396 thousands (2%) due to the application of the IFRS 16 rule regarding leases liabilities accounting treatment.

Project Finance is a method of financing the construction of wind farms and solar plants of the renewable energy generation segment. Under the Project Finance scheme the shares of the borrower are pledged, thus reducing the Group's guarantee and risk. This loans comprise around 15% of the total financial liabilities.

Due to the fact that the Gestora and Mudefer projects were classified in the balance sheet as held for sale projects, the account of Project Finance related to them decreased by EUR 54,560 thousand.

4. R+D+i activities

As at 30 June 2019 the Group allocated EUR 260 thousand to the R+D+i activities.

5. Personnel

As at 30 June 2019 the number of the Group's employees is 541.

6. 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 30 June 2019 the Group incurred environmental expenditure amounting to EUR 64 thousand, mainly for wildlife conservation.

7. Acquisition and disposal of treasury shares

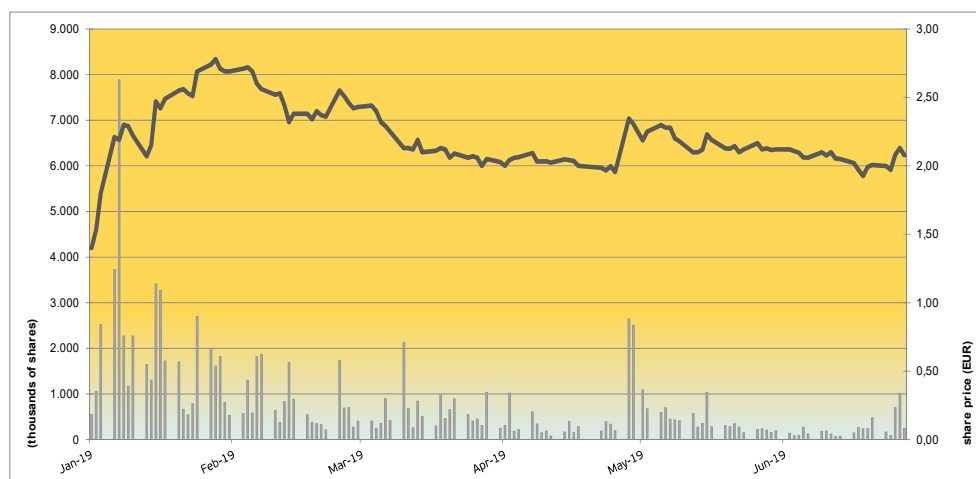
As at 30 June 2019 the Company does not hold treasury shares.

8. Other important information

8.1. Stock market information

The price of the shares of Audax Renovables in the first half year of 2019 increased by 48.43%, maintaining the high average traded daily volume which gives the share liquidity on the market.

The stock market evolution of Audax during the first half year of 2019 has been as follows:



The following table shows the main trading data:

Audax Renovables - ADX.MC	1H2019	Units
Number of shares admitted to trading	440,291,054	Num.
Share price at the beginning of the period	1.400	€ / share
Share price at the end of the period	2.078	€ / share
Maximum trading price	2.780	€ / share
Minimum trading price	1.400	€ / share
Trading price fluctuation during the period	48.43	%
Capitalisation at the end of the period	914,924,810	€
Number of traded shares	99,769,595	Num.
Effective volume	228,409,594	€
Daily volume of traded shares (average)	798,16	Num.
Effective daily volume (average)	1,827,277	€

8.2. 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.

8.3. 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 Income Statement	1H2019	1H2018	Var. (%)
Operating income	526,671	427,789	23.1
Gross Margin	62,888	44,115	42.6
EBITDA	33,113	15,743	110.3
EBIT	18,936	3,981	n.a.

EUR thousands

The reconciliation between the EBITDA and the Consolidated profit and loss for the year is as follows:

	1H2019	1H2018
EBITDA	33,113	15,743
Assets amortisation	-14,177	-11,762
EBIT	18,936	3,981
Financial income	1,974	1,681
Financial expenses	-10,337	-9,376
Exchange differences	-11	-50
Profit/loss from disposal of financial instruments	202	1,192
Financial profit/loss	-8,172	-6,553
Share in the profit/loss of associated companies	-62	-28
Profit/loss before tax	10,702	-2,600
Corporate Income Tax	-2,451	1,039
Consolidated profit/loss for the year	8,251	-1,561
Profit/loss attributed to minority interests	-1,491	-519
Net Profit / Loss	6,760	-2,080

EUR thousands

The main operating figures are as follows:

Production (GWh)	1H2019	%	1H2018	%	Var. (%)
Spain	170.3	73%	152.0	75%	12.0
France	16.8	7%	15.1	7%	11.3
Poland	46.7	20%	36.3	18%	28.7
Total	233.8	100%	203.4	100%	14.9

Energy supply points	1H2019	1H2018	% Var.
Spain	200,280	158,894	26.
Electricity	175,979	143,902	22.3
Gas	24,301	14,992	62.1
Netherlands	64,545	65,302	-1.2
Electricity	40,008	39,958	0.1
Gas	24,537	25,344	-3.2
Italy	34,642	57,235	-39.5
Electricity	20,106	33,298	-39.6
Gas	14,536	23,937	-39.3
Rest of Europe (RoE)	17,782	18,827	-5.6
Electricity	16,501	17,830	-7.5
Gas	1,281	997	28.5
TOTAL ENERGY SUPPLY POINTS	317,249	300,258	5.7
Total Electricity	252,594	234,988	7.5
Total Gas	64,655	65,270	-0.9

Energy supplied (GWh)	1H2019	1H2018	% Var.
Spain	2,328	2,250	3.4
Electricity	1,923	1,999	-3.8
Gas	405	252	61.0
Netherlands	2,015	2,079	-3.1
Electricity	811	801	1.2
Gas	1,204	1,278	-5.8
Italy	318	393	-19.0
Electricity	121	152	-20.0
Gas	197	241	-18.3
Rest of Europe (RoE)	452	611	-26.0
Electricity	402	554	-27.4
Gas	50	57	-12.0
TOTAL ENERGY SUPPLIED	5,113	5,333	-4.1
Total Electricity	3,257	3,505	-7.1
Total Gas	1,856	1,828	1.6

The Net Financial Debt is as follows:

Net Financial Debt	jun-19	dec-18	Var.	%
Non-current financial liabilities	194,893	273,094	-78,201	-28.6
Debt of bonds and other marketable securities	98,068	96,938	1,130	1.2
Bank loans	69,400	129,873	-60,473	-46.6
Financial leases liabilities (IFRS 16)	8,053	0	8,053	n.a.
Other financial liabilities	19,372	46,283	-26,911	-58.1
Current financial liabilities	186,750	188,193	-1,443	-0.8
Debt of bonds and other marketable securities	88,923	67,985	20,938	30.8
Bank loans	95,784	103,713	-7,929	-7.6
Financial leases liabilities (IFRS 16)	1,343	0	1,343	n.a.
Other financial liabilities	700	16,495	-15,795	-95.8
Derivatives	2,529	-863	3,392	-393.0
Cash and financial assets equivalents	-89,475	-114,640	25,165	-22.0
Current financial assets	-40,973	-16,327	-24,646	151.0
Cash and cash equivalents	-48,502	-98,313	49,811	-50.7
Net Financial Debt *	294,697	345,784	-51,087	-14.8
Of the Parent Company	125,626	120,926	4,700	3.9
Of the Minority interest	28,956	33,258	-4,302	-12.9
Net Equity	154,582	154,184	398	0.3
Leverage ***	65.6%	69.2%	-3.6	-5.2

EUR thousands

* Net Financial Debt = Non-current financial liabilities + Current financial liabilities + Derivatives + Cash and others

** Net Equity = Net Equity of the Parent Company + of the Minority interest

*** Leverage = Net Financial Debt / (Net Financial Debt + Net Equity)

The following table shows the main stock market data:

Audax Renovables - ADX.MC			
Stock Market Data	1H2019	1H2018	Units
Number of shares admitted to trading	440,291,054	140,003,778	Num.
Share price at the beginning of the period	1.400	0.450	€ / share
Share price at the end of the period	2.078	2.400	€ / share
Maximum trading price	2.780	3.200	€ / share
Minimum trading price	1.400	0.450	€ / share
Trading price fluctuation during the period	48.43	433.33	%
Capitalisation at the end of the period	914,924,810	336,009,067	€
Number of traded shares	99,769,595	2,671,170	Num.
Effective volume	228,409,594	789,898,971	€
Daily volume of traded shares (average)	798,157	3,092,574	Num.
Effective daily volume (average)	1,827,277	6,269,039	€
Number of shares	440,291,054	140,003,778	Num.
Average number of shares	440,291,054	140,003,778	Num.
Profit/Loss attributable to Parent Company	6,760,342	-2,079,803	€
Profit/Loss per share			
- Basic	0.0154	-0.0149	€ / share
- Diluted	0.0154	-0.0149	€ / share

9. Significant events subsequent to the balance sheet date

On 3 July 2019 Audax Renovables, S.A. signed a long-term power purchase agreement with the company Statkraft for the period of 10 years and a volume of 525 GWh supplied by the Spanish solar portfolio of Statkraft.

In July 2019, after fulfilling certain conditions precedent, the Company executed the transfer of two agreements for the sale of the direct shareholdings of its two Spanish subsidiaries as well as certain loans and credit rights granted by the Company to the subsidiaries. This refers to the following transactions:

- Transfer of the direct shareholdings of 100% of share capital and associated loans of the company Parc Eòlic Mudéfer, S.L., a wind project located in the Tarragona province, with installed capacity of 57.6 MW;
- Transfer of the direct shareholdings of 76% and associated credit rights of the company Gestora Fotovoltaica de Castellón, S.L., a solar project located in the Castellón province, with installed capacity of 1.0 MW.

See Note 9 of these Interim Condensed Consolidated Financial Statements as at 30 June 2019.

