

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Consolidated Financial Statements and Management Report for the year ended
December 31, 2022

*(Translation of consolidated financial statements and management report originally issued in
Spanish. In the event of discrepancy, the Spanish-language version prevails)*

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS

- Consolidated balance sheet at December 31, 2022 and December 31, 2021.
- Consolidated Income Statement for the years ended December 31, 2022 and December 31, 2021.
- Consolidated Statement of Changes in Equity for the years ended December 31, 2022 and December 31, 2021.
- Consolidated Cash flow Statement for the years ended December 31, 2022 and December 31, 2021.
- Notes to the consolidated financial statements for the year ended December 31, 2022

CONSOLIDATED MANAGEMENT REPORT

AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR ISSUE



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated Balance sheet and Income Statement at December 31, 2022 and
December 31, 2021

ASSETS	Notes	12.31.2022	12.31.2021
NON-CURRENT ASSETS			
Intangible assets-	6	31,692,643	15,484,105
Patents		4,111	4,306
Software		305,373	260,128
Development costs		24,987,198	15,219,671
Other intangible assets		389,392	-
Intangible assets in progress		6,006,569	-
Property, plant, and equipment-	7	2,102,349	841,929
Land and buildings		549,854	299,402
Technical installations and other PP&E items		1,552,495	542,527
Financial investments-	9	12,967,908	5,711,144
Loans to third parties		7,409,411	2,633,214
Derivatives	16	4,742,047	2,477,007
Other financial assets		816,450	600,924
Deferred tax assets	18	19,478,135	20,690,349
Accruals	9	18,376,562	23,354,399
Total non-current assets		84,617,596	66,081,927
CURRENT ASSETS			
Inventories-	11	13,991,979	2,350,840
Commercial inventories		12,809,909	681,326
Prepayments to suppliers		1,182,070	1,669,514
Trade and other receivables-	10	121,756,030	83,048,775
Trade receivables	17	57,705,724	48,485,760
Other receivables		45,262,640	15,855,748
Receivable from employees		63,830	56,017
Current income tax assets	18	40,316	32,020
Other receivables from Public Administrations	18	18,683,520	18,619,230
Financial investments-		33,196,464	111,585,811
Loans to companies		4,522	-
Derivatives	9, 16	30,388,848	103,528,159
Other financial assets	9	2,817,043	8,057,651
Accruals	9	13,628,822	10,497,360
Cash and cash equivalents-	12	10,339,505	9,895,029
Cash		10,339,505	9,895,029
Total current assets		192,927,313	217,377,815
TOTAL ASSETS		277,544,909	283,459,742



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated Balance sheet and Income Statement at December 31, 2022 and
December 31, 2021

EQUITY AND LIABILITIES	Notes	12.31.2022	12.31.2021
EQUITY			
CAPITAL AND RESERVES-	13	42,819,774	47,946,451
Share capital-		656,662	656,662
Issued capital		656,662	656,662
Share premium		61,772,144	61,772,144
Reserves		(14,165,475)	(5,769,211)
Legal and statutory reserves		123,477	123,477
Other reserves		(14,288,952)	(5,892,688)
Treasury shares		(300,217)	(300,217)
Profit/(loss) for the year		(5,121,521)	(8,412,927)
Valuation adjustments		(23,169,700)	(40,812,106)
Hedging transactions	16	(23,169,700)	(40,812,106)
Total Equity		19,671,894	7,134,345
NON-CURRENT LIABILITIES			
Payables-		36,049,393	47,799,832
Bank borrowings	14	23,336,122	19,689,979
Finance leases	14	56,317	82,042
Derivatives	16	12,655,624	27,932,010
Other financial liabilities	14	1,330	95,802
Total non-current liabilities		36,049,393	47,799,832
CURRENT LIABILITIES			
Payables-		77,568,647	104,769,628
Bank borrowings	14	40,741,768	26,275,655
Finance leases	14	28,456	26,403
Derivatives	16	28,379,871	67,809,619
Other financial liabilities	14	8,418,552	10,657,950
Trade and other payables-		143,985,376	123,084,179
Suppliers	15	72,226,017	102,985,490
Other payables	15	58,480,678	17,187,370
Employee benefits payable	15	1,114,321	486,087
Current income tax liabilities		415,816	13,086
Other payables to Public Administrations	15, 18	1,652,750	876,926
Customer advances	15	10,095,794	1,535,220
Accruals		269,600	671,758
Total current liabilities		221,833,623	228,525,564
TOTAL EQUITY AND LIABILITIES		277,544,909	283,459,742



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated Balance sheet and Income Statement at December 31, 2022 and
December 31, 2021

	Notes	12.31.2022	12.31.2021
CONTINUING OPERATIONS			
Revenue	19.a	919,815,896	571,488,262
Sales		888,594,438	566,340,981
Rendering of services		31,221,458	5,147,281
Changes in inventory of finished goods and work in progress		4,478,606	458,777
Work performed by the entity and capitalized	6.1	7,025,719	4,544,120
Cost of sales	19.b	(841,131,887)	(540,509,105)
Consumption of goods		(836,122,291)	(537,633,853)
Work performed by third parties		(5,009,596)	(2,875,253)
Other operating income-		3,465,567	199,329
Ancillary income		3,465,567	111,767
Grants related to income		-	87,563
Personnel Costs	19.c	(29,534,259)	(13,377,475)
Wages, salaries et al.		(22,683,064)	(10,330,243)
Social security costs et al.		(6,851,195)	(3,047,231)
Other operating expenses-		(64,331,756)	(30,112,419)
External services	19.d	(54,671,032)	(27,310,439)
Taxes		(91,461)	649,609
Losses on, impairment of and change in trade provisions	10	(9,569,262)	(3,448,590)
Depreciation and amortization	6,7,19.e	(6,312,858)	(3,997,176)
Grants related to non-financial assets and other grants		-	5,320
Impairment losses and gains (losses) on disposal of non-current assets		-	-
Other gains and losses	19.f	23,510	(241,261)
Non-recurring income and expenses		23,510	(241,261)
OPERATING PROFIT/(LOSS)		(6,512,369)	(11,541,628)
Finance income-		8,444	-
From marketable securities and other financial instruments		8,444	-
Finance costs-		(2,131,930)	(760,829)
Third-party borrowings	19.g	(2,131,930)	(760,829)
Exchange gains (losses)		(22,323)	
FINANCE COST		(2,145,809)	(760,829)
PROFIT/(LOSS) BEFORE TAX		(8,647,270)	(12,302,457)
Income tax	18	3,525,749	3,889,530
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		(5,121,521)	(8,412,927)
PROFIT/(LOSS) FOR THE YEAR		(5,121,521)	(8,412,927)



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated Statement of Changes in Equity for the years ended December 31, 2022 and December 31, 2021

	12.31.2022	12.31.2021
PROFIT/(LOSS) FOR THE YEAR	-5,121,521	-8,412,927
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY		
From cash flow hedges	8,787,565	-112,593,893
Tax effect	-2,196,891	28,148,473
TOTAL INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY	-6,590,674	-84,445,420
AMOUNTS TRANSFERRED TO INCOME STATEMENT		
From cash flow hedges	32,310,773	51,506,399
Tax effect	-8,077,693	-12,876,600
TOTAL AMOUNTS TRANSFERRED TO INCOME STATEMENT	24,233,080	38,629,799
TOTAL RECOGNIZED INCOME AND EXPENSES	12,520,886	-54,228,547



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated Statement of Changes in Equity for the years ended December 31, 2022 and December 31, 2021

	Issued capital (Note 13)	Share premium (Note 13)	Reserves (Note 13)	Treasury shares (Note 13)	Profit/(loss) for the year	Valuation adjustments (Note 13)	TOTAL
Balance at 12.31.2020	617,385	43,730,866	(4,708,927)	(304,602)	(1,072,672)	5,003,514	43,265,564
Total recognized income and expenses	-	-	-	-	(8,412,927)	(45,815,620)	(54,228,547)
Transactions with shareholders and owners	39,277	18,041,278	-	4,385	-	-	18,084,940
Capital increase	39,277	-	-	4,385	-	-	18,084,940
Appropriation of prior-year profit/(loss)	-	-	(1,060,284)	-	1,072,672	-	12,388
Balance at 12.31.2021	656,662	61,772,144	(5,769,211)	(300,217)	(8,412,927)	(40,812,106)	7,134,345
Total recognized income and expenses	-	-	-	-	(5,121,521)	17,642,406	12,520,886
Transactions with shareholders and owners	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	-
Appropriation of prior-year profit/(loss)	-	-	(8,412,927)	-	8,412,927	-	-
Other changes in equity	-	-	16,663	-	-	-	16,663
Balance at 12.31.2022	656,662	61,772,144	(14,165,475)	(300,217)	(5,121,521)	(23,169,700)	19,671,894



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated cash flow statement at December 31, 2022 and December 31, 2021

	Note s	12.31.2022	12.31.2021
Profit/(loss) before tax		-8,647,270	-12,302,457
Adjustments to profit		72,482,076	9,468,772
Depreciation and amortization (+)		6,312,858	3,997,177
Impairment losses (+/-)		9,569,262	3,448,590
Changes in provisions (+/-)		-	-822,000
Finance income (-)		-8,444	1,345
Finance costs (+)		2,131,930	759,484
Other income and expenses (-/+)		54,476,470	2,084,176
Change in working capital		-36,740,875	34,451,392
Inventories (+/-)		-11,641,139	-1,653,680
Trade and other receivables (+/-)		-48,277,081	-52,225,666
Other current assets (+/-)		3,093,160	-4,024,241
Trade and other payables (+/-)		20,496,343	92,470,458
Other current liabilities (+/-)		-402,158	-115,479
Other cash flows from/(used in) operating activities		-2,855,717	-760,829
Interest paid (-)		-2,131,930	-760,829
Interest received (+)		8,444	-
Income tax receipts (payments) (+/-)		-732,231	-
Cash flows from/(used in) operating activities (1+2+3+4)		24,238,214	30,856,878
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Payments on investments (-)		-39,548,452	-100,967,571
Intangible assets		-22,041,625	-9,044,593
Property, plant and equipment		-1,740,191	-314,139
Other financial assets		-	-73,449,250
Business unit		-	1,015,665
Other assets		-15,766,636	-19,175,254
Cash flows from/(used in) investing activities (6+7)		-39,548,452	-100,967,571
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		-	18,084,940
Issuance of equity instruments (+)		-	18,080,555
Acquisition of own equity instruments (-)		-	4,385
Proceeds from and payments on financial liabilities		15,754,714	27,844,447
Issues		22,822,196	28,412,334
<i>Bank borrowings (+)</i>		<i>22,822,196</i>	<i>28,412,334</i>
Repayment and redemption of:		-7,067,482	-527,887
<i>Bank borrowings (-)</i>		<i>-4,733,612</i>	<i>-527,887</i>
<i>Other payables (-)</i>		<i>-2,333,870</i>	<i>-</i>
Cash flows from/(used in) financing activities (9+10+11)		15,754,714	45,969,387
Net foreign exchange difference		-	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		444,476	-24,131,306
Cash and cash equivalents at the beginning of the period		9,895,029	34,036,333
Cash and cash equivalents at the end of the period		10,339,505	9,985,029



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

1. Activity

The Parent Company, HOLALUZ-CLIDOM, SA (hereinafter Holaluz or the Parent Company) was incorporated under the name CLIDOM ENERGY, S.L. on November 12, 2010. It is domiciled in Barcelona at Passeig de Joan de Borbó, 99, 08039, 4th floor.

The activity of the Group's Parent Company consists in:

- a) Running and managing, as the parent company, the entire business dynamic of the Group's subsidiaries.
- b) The purchase and sale, even at an international level, production and marketing of energy in general, natural gas and telecommunications, even their transfer, regardless of their source of generation and production. Additionally, the Company provides energy, environment and telecommunications advisory and engineering services.

It also acts as a representative before third parties, and specifically in the electricity market, of power stations that produce electricity under a special regime applicable to electricity produced from renewable energy sources, as well as the installation of solar panels.

Its main activity is the marketing of energy in general.

As defined in article 42 of the Spanish Commercial Code, the Parent Company is the parent of a group of companies (hereinafter "the Group") that consists of the parent itself and the subsidiaries listed below and prepares consolidated financial statements.

The Group's functional currency is the euro.

At the general meeting held on October 25, 2019 the Company's shareholders resolved to increase capital through a public offering of shares paid with monetary contributions in order to increase the Company's shareholders' equity by a maximum effective amount of 30M euros (nominal amount + share premium). It was also resolved to make a request for all Company outstanding shares to be traded on the Alternative Stock Market (MAB; Growth Company Segment: MAB-EE by its acronym in Spanish, currently BME Growth Bolsas y Mercados Españoles), specifically shares issued within the public offering framework. Said capital increase was approved on November 21, 2019 by the Company's Board of Directors (Note 11), and shares were admitted to trading on the MAB-EE on that same date.

1.1. Subsidiaries

At December 31, 2022 the Parent Company holds a direct ownership interest in the following companies:

- Clidomer Unipessoal, LDA (wholly owned at December 31, 2022) is a sole shareholder company that was incorporated on December 22, 2017 and is domiciled in Lisbon, at plaza Nuno Rodriguez dos Santos, 14-B. Its main activity is the manufacture, purchase, sale and marketing of energy and goods inherent to the electricity market.
- Clidom Italia, SRL (wholly owned at December 31, 2022) is a limited liability company that was incorporated on May 8, 2018 and is domiciled in Milan, via Gabba Fratelli, 4. Its corporate purpose consists in the sale of electricity, gas and other energy products. At the date the financial statements at December 31, 2022 were prepared, the company is



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

dormant.

- Clidom France, SARL (wholly owned at December 31, 2022) is a limited liability company that was incorporated on September 10, 2018 and is domiciled in Paris at Avenue de l'Opera 14. Its corporate purpose consists in the sale of gas, electricity and other energy products in France. At the date the financial statements at December 31, 2022 were prepared, the company is dormant.
- Holaluz Generación, S.L. (formerly, Orwell Power, SL, wholly owned at December 31, 2022) is a sole shareholder limited liability company that was incorporated on April 6, 2018 and is domiciled in Barcelona at Passeig Joan de Borbó, 99-101. Its corporate purpose consists in the purchase and sale, even at an international level, production and marketing of energy in general, natural gas and telecommunications, even their transfer, regardless of their source of generation and production. It also provides energy, environmental and telecommunications advisory and engineering services. The company started its activity during the year ended September 30, 2020. Additionally, said subsidiary is the sole shareholder of the company Holaluz Rooftop Revolution, SL.
- Clidom Solar, SL (wholly owned at December 31, 2022) is a sole shareholder limited liability company that was incorporated on April 6, 2018 and is domiciled in Barcelona at Passeig Joan de Borbó, 99-101. Its corporate purpose consists in the purchase and sale, even at an international level, production and marketing of energy in general, natural gas and telecommunications, even their transfer, regardless of the source of generation and production, the rendering of advisory and engineering services in the fields of energy, environment and telecommunications.
- Clidom Generación, SL (wholly owned at December 31, 2022) is a sole shareholder limited liability company that was incorporated on September 26, 2019 and is domiciled in Barcelona at Passeig Joan de Borbó, 99-101. Its corporate purpose consists in the production or generation of electricity, including the generation of renewable electricity, and the construction, operation and maintenance of production facilities. This activity can be carried out directly or through the acquisition of an ownership interest in special purpose vehicles that own the generation projects. At the date the financial statements at December 31, 2022 were prepared, the company is dormant.
- Clidom Energía Ibérica, SL (wholly owned at December 31, 2022 and formerly named Bulb Energía Ibérica, S.L.) is a limited liability company that was incorporated on April 30, 2019 and is domiciled in Barcelona at Passeig Joan de Borbó 99-101, 08039. Its corporate purpose consists in the marketing and distribution of electricity from renewable sources.

At December 31, 2022 the Parent Company holds an indirect ownership interest in the following companies:

- Holaluz Rooftop Revolution, SL is a sole shareholder limited liability company domiciled in Barcelona at Passeig Joan de Borbó, 99-101. Its corporate purpose is to provide financial support for private projects consisting in the purchase or installation of solar panels and to grant loans and credits (including consumer loans) and other funding transactions for developing the self-consumption business and distributed generation of energy. Its corporate purpose also consists in transactions or activities related or supplementary to the above mentioned ones or any transactions or activities that are



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

necessary or advisable for the development of these activities or favor their development. This company started its activity in June 2021.

- Katae Energía, SL (wholly owned by Clidom Solar, SL at December 31, 2022) is a limited liability company that was incorporated on September 25, 2012 and is domiciled in Lleida at calle Marqués de Leganés, 12. Its corporate purpose consists in (i) the promotion of energy efficiency, sensible use of energy and integration of renewable energies, in households and bioclimatic urban spaces, to adopt a sustainable energy system; (ii) the entire construction, repair, restoration, renovation, rehabilitation and maintenance of buildings and civil works, and the intermediation in all types of real estate transactions.
- Gestión Hidráulica Canarias, SL (wholly owned by Katae Energía, SL at December 31, 2022) is a limited liability company that was incorporated on April 13, 2015 and is domiciled in Santa Cruz de Tenerife at Punta de la Vista, 3. Its corporate purpose consists, among others, in the construction, installation and maintenance of solar heating and cooling systems. As described in Note 5, it has been acquired during the current year.

2. Basis of presentation of the consolidated financial statements

The consolidated financial statements have been prepared from the accounting records of the Parent Company and the companies detailed in point 1.1, applying the Spanish GAAP approved by Royal Decree 1514/2007, of November 16, and amended several times since publication (last time through Royal Decree 1/2021 of January 12), and are presented in accordance with Royal Decree 1159/2010 of September 17, approving the standards for the preparation of consolidated financial statements, and prevailing mercantile legislation.

The consolidated financial statements have been authorized for issue by the Parent Company's Directors and will be submitted for approval by the shareholders in general meeting. It is expected that they will be approved without modification.

Unless otherwise indicated, all figures in the consolidated financial statements are presented in euros.

a) True and fair view

The consolidated financial statements for the year ended December 31, 2022, which consist of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes thereto, have been prepared from the Parent Company's and subsidiaries' accounting records in accordance with prevailing general provisions in order to give a true and fair view of the equity, financial position and results of the Group.

b) Consolidation principles

The consolidated financial statements have been prepared using the full consolidation method for all subsidiaries over which the Parent Company has control (Clidomer Unipessoal, LDA, Clidom France, SARL, Clidom Italia, SRL, Clidom Solar, SL, Holaluz Generación, SL, Holaluz Rooftop Revolution, SL, Clidom Generación, SL, Katae Energía, SL, Clidom Energía Ibérica, S.L. and Gestión Hidráulica Canarias, SL).

The Parent Company's investment therein has been eliminated on consolidation in the percentage corresponding to the shareholders' equity of the subsidiaries. The differences that have arisen have



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

been assigned, as far as possible, to the assets and liabilities of the subsidiaries, whose fair value at the date of first consolidation is different from that recorded in the books. The remaining amounts, if any, have been allocated to goodwill on consolidation or to the negative consolidation reserve.

The companies composing the Group apply basically the same accounting policies in their separate financial statements and close their business year at December 31, 2022. Reciprocal balances in the balances sheet and the income statement, as well as significant unrealized margins, have been eliminated.

c) Going concern principle

At December 31, 2022, the Group shows negative working capital amounting to 28,907 thousand euros (negative working capital amounting to 11,148 thousand euros at December 31, 2021). However, the Company has undrawn credit and other financing facilities amounting to 16,153 thousand euros at December 31, 2022. This situation, together with cash projections for the year 2023, which also consider the materialization in the short term of the PPAs (purchase of electricity at a fixed price that are not recorded in the balance sheet in accordance with prevailing regulations), which at year end were valued at 53,411 thousand euros, allows the Parent Company's Board of Directors to prepare the consolidated financial statements under the going concern principle.

d) Comparison of information

In accordance with prevailing mercantile legislation, for comparative purposes the parent company has included the figures for the year ended December 31, 2021 in addition to those of the current year for each item of the consolidated balance sheet, the income statement, the consolidated statement of changes in equity and the cash flow statement. The notes to the consolidated financial statements also include quantitative and qualitative information at said dates, presented in the balance sheet or the income statement, as appropriate, except where disallowed by an accounting standard.

c) Accounting principles

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and measurement standards described in chapter 4 of these notes to the consolidated financial statements. All mandatory accounting principles have been applied.

d) Critical issues concerning the assessment of uncertainty

The accompanying consolidated financial statements were prepared using estimates made by the Parent Company's Directors to measure the assets, liabilities and commitments recognized therein. These estimates basically refer to:



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

- The capitalization and useful lives of intangible assets (Note 4a and 4b).
- The assessment of possible impairment losses on certain assets (Note 4c).
- The fair value of certain financial instruments (Note 4e).
- Provisions for unbilled income from energy supplied to customers and provisions for expenses for the purchase of energy and cost of tariffs pending invoice
- The estimated projections for assessing the recovery of tax credits related to deductions (Notes 4g and 18).
- Current and non-current accrued expenses and useful lives of contracts with customers.

Although these estimates were made on the basis of the best information available at December 31, 2022, events may occur in the future that require prospective adjustments (upwards or downwards) to these estimates in subsequent years.

e) Grouping of items and Current/non-current classification of items

Certain items in the balance sheet, the income statement, the cash flow statement, and the statement of changes in equity have been aggregated with other items to make them easier to understand; however, whenever the amounts involved are material, the information is disclosed separately in the related notes.

For items to be classified as current, a maximum period of 1 year from the reporting date of these consolidated financial statements has been considered.

f) Regulatory framework. General overview

Electricity sector regulations in Spain are detailed in Law 24/2013, of December 26, 2013 on the Electricity Sector (hereinafter 'Electricity Sector Law'), repealing Law 54/1997, of November 27. The most significant matters set out by said Law and subsequent regulations for its implementation are as follows:

- Electrical energy production is carried out in a free market.
- The energy dispatch of power plants is established through a daily market that consists in 24 hourly auctions that match supply with demand. The matching price corresponds to the marginal price of the auctions. Production under the specific remuneration system receives the price resulting from the market and is supplemented by regulated remuneration.
- The transmission, distribution and economic and technical management of the system are considered regulated activities.
- The supply of electricity is fully deregulated and all consumers must contract the supply of electricity with a power marketer. As of July 1, 2009 consumers that meet certain characteristics may choose to contract the supply of electricity with a Marketer of Reference and they will apply the 'voluntary price for the small consumer' tariff. This tariff is linked to the hourly price set in the daily market.



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

- The tariff chosen by most household consumers is called Voluntary Price for Small Consumers (VPSC), whereas the Last Resort Tariff (LRT) is for vulnerable consumers and for consumers who do not meet the requirements for being entitled to the Voluntary Price for Small Consumers (VPSC) but do not temporarily have an agreement in force with a power marketer in the free market

Access tariffs and electric charges are the same throughout Spain and are collected by the marketers and paid to the distributors and transmitters.

Royal Decree 413/2014 of June 6, regulating the production of electrical energy by means of renewable energy sources, cogeneration and waste.

Royal Decree 15/2018, of October 5, regulating urgent measures for energy transition and consumer protection and modifying and repealing certain terms of the Electricity Sector Law, of Royal Decree 1995/2000, of December 1, regulating the transmission, distribution and marketing activities, among others, of RD 900/2015, of October 9, regulating the administrative, technical and economic conditions of the supply of electrical energy with self-consumption models, of Law 15/2012, of December 27, on tax measures for energy system sustainability, and of Law 38/1992 of December 28, on Special Taxes. The most significant items established by this regulation are as follows:

- The right to consume electrical energy without charges is recognized, as well as shared supply by one or several consumers to take advantage of the economies of scale and administrative and technical procedures for small-power facilities are simplified.
- Self-consumed energy of a renewable, cogeneration and waste origin is exempt from charges and tariffs. Consequently, the charge imposed to self-consumers for the energy generated and consumed in their own facilities, the so-called 'sun tax' has been repealed.
- The administrative procedures for facilities of up to 100kW included in the self-consumption without surplus model are simplified, and must exclusively meet the requirements of the corresponding technical regulations and, specifically, the Low-Voltage Electro-technical Regulations. Also, the need to process certain access and connection permits for facilities of less than 15kW included in the self-consumption without surplus model is eliminated. Lastly, self-consumption facilities with less than 100kW power, are exempt from registration in the Administrative Register of Electrical Energy Production Facilities.
- Any consumer is allowed (even if it is not the direct consumer of the market) to purchase power by means of a bilateral agreement with a producer (PPA), driving the economy towards decentralization.
- The coverage of the electricity social tariff is extended, so it is now prohibited to cut off the power supply to households adhered to the social tariff with at least a 16 year old minor or with at least one person with a disability equal to or greater than 33%, among others.
- Additionally, the thermal social tariff is created. This is a direct economic aid so that vulnerable households can pay the heating, and hot water bills, among others.



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

Self-consumption regulations have been developed by Royal Decree 244/2019 of April 5, regulating the administrative, technical and economic terms and conditions of electricity self-consumption.

Royal Decree Law 29/2021 adopting urgent measures on energy to encourage e-mobility, self-consumption and deployment of renewable energies introduced two significant amendments regarding self-consumption:

- It also eliminated the requirement for nearby facilities to be connected in low voltage to distribution and transmission systems through the grid.
- It amended RD 1183/2020 on access and connection to transmission and distribution systems, releasing self-consumption facilities with excess power installed not exceeding 100 kW from having to deposit economic guarantees for processing the connection to the grid.

The lack of a caption for the marketing of electrical energy activity was eradicated by passing Spain's 2021 General State Budget Act 11/2020, whereby RDL 1175/1990 was modified and a caption for the marketing of electrical energy activity (151.6) was added that considers a national tax charge for this tax.

As for the Special Electricity Tax, a reform has been introduced whereby the electricity supplied subject to compensation with the surplus hourly energy of the customers adhered to simplified compensation is exempt from this tax.

As for electric tariffs and charges, the Spanish National Markets and Competition Commission (CNMC) approved Circular 3/2020, which establishes the methodology for calculating electricity transmission and distribution tariffs. Furthermore, the Ministry for Ecological Transition and Demographic Challenge approved Royal Decree 148/2021 of March 9, establishing a methodology for calculating electrical system charges, setting a new methodology for charges and tariffs that came into force last **June 1, 2021**.

Additionally, as for the gas industry, the Spanish National Markets and Competition Commission (CNMC) approved Circular 6/2020, which establishes the methodology for calculating electricity transmission and distribution tariffs. Furthermore, the Ministry for Ecological Transition and Demographic Challenge approved Royal Decree 1184/2020 of December 29, establishing the methodologies for calculating gas system charges, regulated remuneration for basic underground storage and fees applied for their use, setting a new methodology for gas charges and tariffs that came into force last **October 1, 2021**.

To mitigate the rise in the prices of gas and electricity in 2021, Royal Decree Law 12/2021 on urgent energy taxation measures approved to reduce to 10% the tax rate applicable to the value added tax in electricity supply contracts where the power contracted is lower than or equal to 10kW provided that the average arithmetic price of the daily market corresponding to the last calendar month prior to the last day of the billing period is greater than 45 €/MWh during the period comprised between June 26 and December 31, 2021. This period was extended to April 30, 2021 through Royal Decree-Law 29/2021, of December 21, adopting urgent measures on energy to encourage e-mobility, self-consumption and deployment of renewable energies. The period of validity was extended again to June 30, 2022 through Royal Decree-Law 6/2022. Lastly, this period was extended to December 31, 2022 through Royal Decree-Law 11/2022.



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

Also in this line, Royal Decree-Law of September 14, on urgent measures to mitigate the impact of the rise in the prices of natural gas in the gas and electricity retail markets, approved a discount in electric charges for the period between September 16 and December 31, 2021.

Additionally, Decree-Law 17/2021 approved an amendment to the tax rate applicable to the excise tax on electricity effective from September 16 to December 31, 2021, which has been reduced from 5.1% to 0.5%, which is the lowest tax rate allowed by EU regulations, provided that the lowest taxation level is not below 0.5 euros per megawatt-hour, if the said electricity is used for professional purposes, and 1 euro per megawatt-hour in the rest of cases. This period was extended to April 30, 2022 through Royal Decree-Law 29/2021 and subsequently it was extended again to June 30, 2022 through Royal Decree-Law 6/2022. Lastly, this period was extended to December 31, 2022 through Royal Decree-Law 11/2022.

Royal Decree-Law 6/2022 effective from March 31, 2022, adopting urgent measures within the Spanish national plan to deal with the economic and social consequences of the war in Ukraine, has adopted measures such as the reduction of electric charges as from March 31, 2022 until the end of the year and has revised the social tariff, in relation to both beneficiaries and the mechanism used to fund it: the social tariff and the co-funding cost of supply and default by highly vulnerable customers is assumed by the entities operating in the electricity industry participating in power supply chain activities, including the production, transmission, distribution and marketing of electricity, as well as direct consumers.

In addition to the measures indicated above, Royal Decree-Law 6/2022 has passed further measures such as reducing the remuneration of the electricity production activity carried out at production facilities that do not emit GHG, amending the obligation to maintain minimum emergency stocks, diversifying natural gas supply, reducing access tariffs by 80% for electro-intensive industry, and revising the special regime (RECORE), among others. All these measures are aimed at mitigating the rise in the prices of electricity and natural gas caused by the war in Ukraine.

Another measure to mitigate the rise in prices has been the one approved through Royal Decree-Law 10/2022, which establishes a temporary mechanism, until May 1, 2023 at the latest, for adjusting the production cost of marginal fossil technologies. The amounts corresponding to this adjustment are paid by the consumers that benefit from the said reduction, which in the end results in a lower final price than the one that would be applied should the measure not have been implemented. However, if a hedging instrument was arranged before April 26, 2022, it can be used to exempt related energy from the payment of the adjustment cost.

Lastly, Royal Decree-Law 11/2022 adopts and extends certain measures taken to face the economic and social consequences of the war in Ukraine, to address social and economic vulnerabilities and to stimulate economic and social recovery in the island of La Palma. Among others, the following measures will remain in force until December 31, 2022: extension of taxable base at 0 euros of the Tax on the value of electricity production, flexible gas supply contracts, social tariff discounts, prohibition of cutting off electricity or gas to vulnerable and acutely vulnerable consumers and consumers at risk of social exclusion, and reduction of remuneration of the electricity production activity carried out at production facilities that do not emit GHG. Additionally, revisions of the price of the last resort gas tariff have been extended and the scope of application of the fast-track procedure for processing renewable plants has changed from moderate environmental sensitivity areas to just low environmental sensitivity areas.



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

g) Consolidation methodology

Consolidation method

All subsidiaries have been accounted for using the full consolidation method.

Standardization

To standardize the presentation of the various items comprising the accompanying consolidated financial statements, the recognition and measurement accounting policies of the Parent Company have been applied to all companies included in the scope of consolidation.

Elimination of internal transactions

The balances and transactions between the several companies composing the Group have been eliminated.

3. Appropriation of profit/(loss)

The appropriation of the profit/(loss) proposed by the Parent Company's directors and submitted for approval by the shareholders in general meeting is as follows:

Proposed appropriation at December 31, 2022	Euros
Profit and Loss: Profit	8,049,216
Total	8,049,216
Appropriation to:	
Reserves	8,041,361
Legal reserve	7,855
Total	8,049,216
Proposed appropriation at December 31, 2021	Euros
Profit and Loss: Loss	(4,827,071)
Total	(4,827,071)
Appropriation to:	
Prior -year losses	(4,827,071)
Total	(4,827,071)



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

4. Recognition and measurement accounting policies

The main recognition and measurement accounting policies applied in the preparation of these consolidated financial statements are the following:

a) Intangible assets

As a general rule, intangible assets are recorded provided that the identifiability criteria is met and are initially measured at acquisition or production cost. Subsequently, they are stated at cost less accumulated amortization and any recognized impairment loss.

Intangible assets are amortized on a straight-line basis over their estimated useful lives and residual values. Amortization methods and periods are reviewed at year end, and adjusted prospectively where applicable. Intangible assets are tested for impairment at least at year end and are written down where applicable.

a.1) Industrial property

It is initially measured at acquisition or production cost, including registration and processing costs. It is amortized on a straight-line basis over its useful life (10 years).

a.2) Development costs

Technical innovation expenses incurred during the year are recorded in the income statement. However, the Group capitalizes these expenses as an intangible asset provided that the following conditions are met:

- The related assets are specifically itemized by project and costs are clearly established so that they can be distributed over time.
- It is possible to demonstrate the technical feasibility and financial profitability of the project.

They are amortized on a straight-line basis over their useful lives (5 years).

a.3) Software

This caption includes the amounts paid for the ownership or use of software programs.

Software programs that meet the recognition criteria are capitalized at their acquisition or production cost. They are amortized on a straight-line basis over a period of three and six years from the date each application is put to use.

Work performed by the Group and capitalized as intangible assets is recorded following the same criteria as for determining the production cost of inventories. Production cost is capitalized with a credit to the costs attributable to the asset in the 'Work performed by the Company and capitalized' caption in the income statement.

Software maintenance costs are recognized in the income statement for the year in which they are incurred.



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

b) Property, plant and equipment

Property, plant and equipment items are measured at acquisition or production cost. Subsequently, they are stated at cost less accumulated depreciation and any recognized impairment loss.

Indirect taxes levied on the acquisition of property, plant and equipment are included only in the acquisition cost when that amount is directly recoverable from the tax authorities.

Expenses incurred for expansion, remodeling or improvements which increase the productivity, capacity, or prolong the useful life of the asset are recorded as an increase in the cost of the assets. Repairs and maintenance expenses are charged to the profit and loss account of the year incurred.

Property, plant and equipment items are depreciated on a straight-line basis over the estimated useful life of the asset in accordance with the following annual percentages:

Property, plant and equipment	Percentage applied	
	12.31.2022	12.31.2021
Technical installations	10%	10%
Furniture	10%	10%
Data processing equipment	25%	25%
Other items	10%	10%

c) Impairment loss on intangible assets and property, plant, and equipment items

Property, plant and equipment items and intangible assets are deemed to be impaired when carrying amount exceeds recoverable value, which is understood to be the higher of fair value less costs to sell and value in use.

The Group assesses at each year end whether there is an indication that a non-current asset or, where applicable, a cash-generating unit may be impaired. If any indication exists, the Group estimates the asset's recoverable amount.

The recoverable amount is the higher the fair value of the asset less cost to sell and value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired. To assess value in use, expected future cash flows are discounted to their present value using risk free market rates, adjusted by the risks specific to the asset. For those assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairment loss and its reversion are recognized in the income statement. Impairment loss is reversed only if the circumstances giving rise to it have ceased to exist. Any such reversal is limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset.



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

d) Operating leases

Operating lease expenses are recognized in the income statement in the year in which they accrue.

Any collection or payment that is made when arranging an operating lease is treated as advance collection or payment, which is allocated to profit or loss over the lease term as the benefits of the leased asset are provided or received.

e) Financial instruments

e.1) Financial assets

Recognition and measurement

At initial recognition, the Company classifies all financial assets into one of the categories listed below, which determines the initial and subsequent measurement methods used:

- Financial assets at fair value through profit or loss
- Financial assets at amortized cost
- Financial assets at fair value through equity
- Financial assets at cost

Financial assets at fair value through profit or loss

The Group classifies a financial asset in this category unless it should be classified into one of the other categories.

Financial assets held for trading are classified into this category. The Group considers that a financial asset is held for trading when it meets at least one of the following three circumstances:

- a) It is acquired for the purpose of selling in the near future.
- b) At initial recognition, it is part of a portfolio of identified financial instruments managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.
- c) It is a derivative financial instrument, provided that it is not a financial guarantee contract or has been designated as a hedge.

Additionally, upon initial recognition the Group has the possibility of irrevocably measuring a financial asset at fair value through profit or loss that would otherwise have been included in another category (the “fair value option”). This option is permitted if the Company eliminates a measurement inconsistency or accounting mismatch that would otherwise arise from measuring assets or liabilities on different bases.

The financial assets classified into this category are initially measured at fair value, which unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid. Directly attributable transaction costs are recognized in the income statement for the year (that is, they are not capitalized).

Subsequent to initial recognition, the Group measures the financial assets included in this category at fair value through profit or loss (financial profit/loss).

Financial assets at amortized cost



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

The Group classifies a financial asset in this category, even when it is admitted to trading on an organized market, if the following conditions are met:

- The Group keeps the investment under a management model whose purpose is to receive the cash flows derived from the execution of the contract.

Managing a portfolio of financial assets to obtain contractual cash flows does not mean that all instruments should be held to maturity; they can be managed for that purpose even when they are sold or are expected to be sold in the future. In this regard, the Company considers the frequency, the amount and timetable of sales in prior years, the reasons for these sales and expectations for future sales.

- The contractual characteristics of the financial asset give rise on specified dates to cash flows that are solely collections of principal and interest on the principal amount outstanding. That is, cash flows are inherent to an agreement that is an ordinary or common loan in nature, without prejudice that a zero interest rate or below-market interest rate is agreed for the transaction.

It is considered that this condition is met in the case of a note or basic loan with a specific maturity date and on which the Group receives interest at a floating market rate, and may be subject to a limit. On the contrary, it is considered that this condition is not met in the case of instruments convertible into equity instruments of the issuer, reverse floating rate loans (that is, a rate that carries a spread inversely related to market interest rates) or loans where the issuer can defer payment of interest if that could impact its solvency, with deferred interest not accruing further interest.

In general, trade receivables and non-trade receivables (other receivables) are included in this category.

At initial recognition, financial assets in this category are recognized at fair value, which, unless there is evidence to the contrary, is considered to be the transaction price, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs. That is, inherent transaction costs are capitalized.

Nevertheless, trade receivables which mature within less than one year with no specific contractual interest rate, as well as loans to personnel, receivable dividends and called-up payments on equity instruments, the amount of which is expected in the short term, are carried at nominal value when the effect of not discounting cash flows is not significant.

Subsequently, they are measured at amortized cost. Interest is recognized in the income statement (finance income) using the effective interest method.

Receivables maturing within a year that, as explained above, are initially stated at nominal value will continue to be measured at nominal value unless they have become impaired.

In general, when contractual cash flows from a financial asset at amortized cost change because of financial difficulties of the issuer, the Company analyzes whether an impairment loss should be recorded.



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

Financial assets at fair value through equity

This category includes the financial assets that meet the following conditions:

- The financial instrument is not held for trading and cannot be classified at amortized cost.
- The contractual characteristics of the financial asset give rise on specified dates to cash flows that are solely collections of principal and interest on the principal amount outstanding.

The Group does not apply the option of classifying investments in equity instruments in this category.

At initial recognition, financial assets in this category are recognized at fair value, which, unless there is evidence to the contrary, is considered to be the transaction price, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs. That is, inherent transaction costs are capitalized.

They are subsequently measured at fair value without deducting any transaction costs that may be incurred upon disposal. Changes in fair value are recognized directly in equity until the financial asset is derecognized or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognized in the income statement.

Impairment losses and foreign exchange gains and losses on monetary assets are recognized in the income statement rather than in equity.

Interest earned is also recognized in the income statement, calculated using the effective interest method, as well as any dividends (finance income).

Financial assets at cost

The Group includes in this category:

- a) Investments in group companies, joint ventures and associates (separate financial statements).
- b) Other investments in equity instruments whose fair value cannot be determined by reference to a quoted price on an active market for an identical instrument or be reliably measured, and derivatives whose underlying assets are these investments.
- c) Hybrid financial assets whose fair value cannot reliably be measured, unless they meet the requirements for them to be recorded at amortized cost.
- d) Contributions made as a result of joint account contracts or similar agreements.
- e) Participation loans that accrue contingent interest, either because they are agreed at a fixed or floating interest rate conditional on the fulfillment of a milestone at the borrower (e.g. obtaining profit) or because they are calculated by reference exclusively to the evolution of the borrower's activity.
- f) Any other financial asset that should initially be classified at fair value through profit or loss when fair value cannot be reliably estimated.

Investments included in this category are initially measured at cost, which is equivalent to the fair



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

value of the consideration paid plus directly attributable transaction costs. That is, inherent transaction costs are capitalized.

In the case of investments in group companies, if an investment exists prior to its classification as an investment in a group company, joint venture or associate, cost value is deemed to be the investment's recognized carrying amount immediately prior to the company being classified as such.

Subsequent measurement is also at cost, less any accumulated impairment losses.

Contributions made as a result of joint account contracts and similar agreements shall be measured at cost plus or minus the gain or loss, respectively, attributable to the company as a non-trustee venturer, less any accumulated impairment.

The same principle is applied to participation loans that accrue contingent interest, either because they are agreed at a fixed or floating interest rate conditional on the fulfillment of a milestone at the borrower (e.g. obtaining profit) or because they are calculated by reference exclusively to the evolution of the borrower's activity. If in addition to a contingent interest an irrevocable fixed interest is agreed on, the irrevocable fixed interest is recorded as finance income on an accruals basis. Transaction costs are recorded in the income statement on a straight-line basis over the life of the participation loan.

Derecognition of financial assets

The Group derecognizes a financial asset from the balance sheet when:

- The contractual rights to receive cash flows from the asset have expired. In this regard, a financial asset is derecognized when it matures and the Group has received the corresponding amount.
- The contractual rights to the cash flows from the financial asset have been transferred. In this case, the financial asset is derecognized when the risks and rewards incidental to its ownership have been substantially transferred. In particular, in sale transactions under repurchase agreements, factoring or securitizations, the financial asset is derecognized once the Company's exposure to changes in amounts has been compared before and after the transfer, and it has been deduced from the timetable of net cash flows from the transferred asset that the risks and rewards have been transferred.

After analyzing the risks and rewards, the Group derecognizes the financial assets in accordance with the following situations:

- a) The risks and rewards incidental to the ownership of the asset have been substantially transferred. The asset transferred is derecognized from the balance sheet and the Company recognizes the gain or loss on the transaction: the difference between the consideration received, net of attributable transaction costs (including any new asset obtained less any liability assumed) and the carrying amount of the financial asset transferred, plus any cumulative gain or loss directly recognized in equity.
- b) The risks and rewards incidental to the ownership of the asset have been substantially retained. The financial asset is not derecognized and a financial liability at an amount equal to the consideration received is recorded.



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

- c) The risks and rewards incidental to the ownership of the asset have neither been substantially transferred nor retained. In this case, there are two possibilities:
- Control is transferred (the transferee has the practical ability to transfer the asset again to a third party): the assets is derecognized from the balance sheet.
 - Control is not transferred (the transferee has no practical ability to transfer the asset again to a third party): the Group continues to recognize the asset to the extent to which it is exposed to changes in the value of the transferred asset, i.e. due to its continuing involvement, recognizing as well the associated liability.

Impairment of financial assets

Debt instruments at amortized cost or fair value through equity

At least at year end, the Group analyzes whether there is objective evidence that a financial asset or group of financial assets with collectively measured similar credit risk characteristics is impaired as a result of one or more events which have occurred following initial measurement and which lead to a reduction or delay in estimated future cash flows due to debtor insolvency.

In the event that there is such objective evidence, impairment losses are calculated as the difference between the book value and the present value of future cash flows, including, where appropriate, estimated future cash flows from the execution of in rem and personal guarantees, discounted at the effective interest rate calculated upon initial recognition. For financial assets carrying floating interest rates, the effective interest rate used is that prevailing at the balance sheet date as per the instrument's contractual terms. Impairment losses in groups of financial assets are computed using formula-based approaches and statistical methods.

Impairment losses, and any reversals in a subsequent period when the decrease in the impairment loss can be related objectively to an event occurring after recognition of the impairment, is recognized as an expense or income, respectively, in the income statement. Reversal of impairment is limited to the book value of the asset that would have been recognized on the reversal date had no impairment loss been recognized.

The present value of future cash flows can be substituted by the instrument's market value, provided that this is considered a sufficiently reliable indicator of the amount that could be recovered by the company.

Equity instruments at fair value through equity

In this type of investments, the Parent Company considers that equity instruments are impaired when their value has decreased over 18 months and by 40% of their initial quoted price without having recovered their initial value, without prejudice that an impairment loss may need to be recorded before the said period has ended or the 40% drop has been reached.

Impairment loss and its reversion are recognized as an expense in the income statement.

Should fair value increase, impairment losses recognized in prior years shall not reverse with a credit to the income statement and the increase in fair value shall be recognized directly in equity.

Financial assets at cost



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

In this case, the impairment loss is the difference between the carrying amount and the recoverable amount. The recoverable amount is understood to be the greater amount of either the fair value amount less cost to sell or the present value of the cash flows derived from the investment, which for equity instruments are calculated either by estimating the expected flows due to dividend payments made by the investee or the disposal or withdrawal of the investment, or by estimating the participation by the investee in the expected cash flow to be generated, coming from their ordinary activities as well as from disposal or withdrawal of investment. Unless better evidence of the recoverable amount of investments in equity instruments is available, impairment of this type of asset is estimated taking into account the equity of the investor and any unrealized capital gains existing on the measurement date, net of tax effect.

Impairment loss and its reversion are recognized as an expense or as income, respectively, in the income statement. The reversal is limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset.

Interest and dividends received from financial assets

Interest and dividends from financial assets accrued subsequent to acquisition are recognized as income in the income statement. Interest is recognized using the effective interest method; dividends are recognized when the right to receive them is established.

If distributed dividends are derived unmistakably from profit generated prior to the date of acquisition given that the amounts of distributed dividends exceeded the profit generated by the associate since acquisition, the dividends are not recognized as income and decrease the cost of the investment. Judgment on whether the investee has generated profit shall be based exclusively on the profits recorded in the separate income statement since acquisition date, unless the distribution of the said profit has to be classified undoubtedly as a recovery of the investment from the perspective of the entity receiving the dividends.

e.2) Financial liabilities

Recognition and measurement

At initial recognition, the Group classifies all financial liabilities into one of the categories listed below:

- Financial liabilities at amortized cost
- Financial liabilities at fair value through profit or loss

Financial liabilities at amortized cost

The Group classifies all financial liabilities into this category except when they must be measured at fair value through profit or loss.

In general, trade payables (“suppliers”) and non-trade payables (“other creditors”) are included in this category.

Participation loans that have the characteristics of an ordinary or common loan are also included in this category without prejudice that a zero-interest rate or below-market rate is agreed for the transaction.

At initial recognition, financial liabilities in this category are recognized at fair value, which, unless



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received adjusted by directly attributable transaction costs. That is, inherent transaction costs are capitalized.

Nevertheless, trade payables which mature within less than one year with no contractual interest rate, as well as called-up payments on shares, the amount of which is expected in the short term, are carried at the nominal value when the effect of not discounting cash flows is not significant.

Subsequently, they are measured at amortized cost. Interest is recognized in the income statement (finance expense) using the effective interest method.

However, payables maturing within a year that in keeping with the description above are initially stated at nominal value shall continue to be measured at nominal value.

Contributions received as a result of joint account contracts and similar agreements shall be measured at cost plus or minus the gain or loss, respectively, that shall be attributed to the non-trustee venturers.

The same principle is applied to participation loans that accrue contingent interest, either because they are agreed at a fixed or floating interest rate conditional on the fulfillment of a milestone at the borrower (e.g. obtaining profit) or because they are calculated by reference exclusively to the evolution of the borrower's activity. Finance expenses are recognized in the income statement in accordance with the accruals principle, and transaction costs shall be recorded in the income statement in accordance with a financial criterion or, should that not be applicable, on a straight-line basis over the life of the participation loan.

Financial liabilities at fair value through profit or loss

In this category the Group includes the financial liabilities that meet one of the following conditions:

- These are liabilities held for trading. A financial liability is considered held for trading if it meets one of the following conditions:
 - o It is issued or assumed mainly for the purpose of repurchasing it in the short term (e.g. bonds or other quoted marketable securities that the company may purchase in the short term based on changes in value).
 - o It is an obligation that short sellers have to deliver the financial assets that have been lent to them ("short selling").
 - o At initial recognition, it is part of a portfolio of identified financial instruments managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.
 - o It is a derivative financial instrument, provided that it is not a financial guarantee contract or has been designated as a hedge.
- Since initial recognition it has irrevocably been designated as at fair value through profit or loss ("fair value option"), due to the fact that:
 - o An inconsistency or "accounting mismatch" is eliminated or significantly reduced against other instruments at fair value through profit or loss; or



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

- A group of financial assets and/or financial liabilities that is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the assets and/ or liabilities is provided internally to the entity's key management personnel.
- Optionally and irrevocably, hybrid financial liabilities with a separable embedded derivative may be entirely included in this category.

The financial liabilities included in this category are initially measured at fair value, which unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received. Directly attributable transaction costs are recognized in the income statement.

Subsequent to initial recognition, the company measures the financial liabilities included in this category at fair value through profit or loss.

Derecognition of financial liabilities

The Group derecognizes a previously recognized financial liability when one of the following circumstances occurs:

- The obligation under the liability is extinguished because payment to the creditor for canceling the debt has been made (through payments in cash or other goods or services) or because the debtor is legally released from any responsibility for the liability.
- Own financial liabilities are acquired, even if the Group intends to resell them in the future.
- An exchange between a borrower and a lender of debt instruments with substantially different terms, recognizing the new financial liability. Similarly, any substantial modification of the terms of an existing financial liability shall also be recognized, as indicated for debt restructuring.

A financial liability is derecognized as follows: the difference between the carrying amount of the financial liability (or the part of it that has been derecognized) and the consideration paid, including any attributable transaction costs, which also has to include any new asset transferred other than cash or liability assumed, is recognized in the income statement in the year to which it relates.

f) Hedge accounting

The Parent Company carries out cash flow hedging transactions related to future energy purchases.

Transactions are only designated as hedges when they effectively eliminate any risk inherent to the hedged item or position throughout the duration of the hedge, which means that the hedging item must be deemed highly effective at the inception of the contract (prospective effectiveness) and there must be sufficient evidence that the hedge will be effective throughout the life of the hedge (retrospective effectiveness).

The Group adequately documents its hedges, including how it intends to achieve and measure their effectiveness under its current risk management policy.

Hedge effectiveness is measured through tests to verify that the differences arising from changes in the value of the hedged item and the corresponding hedging instrument remain within a range of 80% to 125% over the remaining term to maturity, and comply with forecasts established at the related



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

contract dates.

If at any time financial derivatives do not qualify to be treated as hedges, they are reclassified as held-for-trading derivatives.

For measurement purposes, cash flow hedges hedge exposure to variability in cash flows that is attributable to changes in energy purchase prices. Interest rate swaps are used to exchange floating rates for fixed rates. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized temporarily in equity; the cumulative gain or loss is reclassified to profit or loss in the year or years in which the hedged transaction affects profit or loss.

At the consolidated financial statements closing date (December 31, 2022), the Group's hedging strategy includes PPAs (Power Purchase Agreements) with producers of renewable plants at a fixed price for a period of 10 years (until 2032) that meet the required conditions.

g) Income tax

As from the year beginning on January 1, 2023, Holaluz Clidom and subsidiaries (Clidom Solar S.L, Katae Energía S.L, Holaluz Generación S.L, Holaluz Rooftop Revolution S.L, Clidom Generación S.L, Clidom Energía Iberica S.L and Gestión Hidráulica Canarias, S.L) will file a consolidated income tax return, with the company as the parent of the tax group. On December 22, 2022 the company informed the tax authorities of the formation of the said tax group.

Income tax paid or received is calculated as the sum of the current income tax paid or received plus the portion corresponding to the deferred tax paid or received.

Current income tax is the amount resulting from applying the tax rate to the tax base for the year, after applying the appropriate tax deductions.

Deferred tax expense or income relates to the recognition and settlement of deferred tax assets and liabilities. These include the temporary differences, measured at the amount expected to be payable or recoverable, between the carrying amounts of assets and liabilities and their tax bases, as well as unused tax loss carryforwards and unused tax credits. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit/(loss).

Deferred tax assets are only recognized when the Company considers it probable that future taxable profit will be available against which these assets may be utilized.

To determine the amount of deferred tax assets that can be recognized, the directors estimate the amounts and dates on which future taxable profits will be obtained and the reversion period of taxable temporary differences. Deferred tax assets recognized in the consolidated balance sheet at December 31, 2022 amount to 19.5 million euros (20.7 million euros at December 31, 2021), of which 7.7 million euros correspond to 25% of adjustments for changes in value of derivatives that mature subsequent to year end. In summary, accumulated tax loss carryforwards and other temporary differences amount to 11.7 million euros at December 31, 2022.

Deferred tax assets and liabilities relating to transactions charged or credited directly to equity are also recognized in equity.



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

Deferred taxes that have been recognized are reviewed at each balance sheet date to verify that they are still applicable, making any necessary adjustments if required. Unrecognized deferred tax assets are reassessed, recognizing them to the extent that it has become probable that taxable profit will be available against which they can be utilized.

h) Cash and cash equivalents

This heading includes cash, current accounts, short-term deposits and purchases of assets under resale agreements which meet the following criteria:

- They are readily convertible to cash.
- They mature within less than three months from the acquisition date.
- The risk of change in value is insignificant.
- They are part of the Group's standard cash management strategy.

i) Grants

Grants are recognized as non-repayable when the requirements established for receiving them are met and are recognized directly in equity, net of the corresponding tax effect.

Repayable grants are recognized as liabilities until they meet the criterion for being considered non-repayable. No income is recorded until this criterion is met.

Grants received to finance specific expenses are released to the income statement in the year in which the expenses which they are intended to compensate are incurred. Grants received to acquire property, plant, and equipment are released to income in proportion to the depreciation charged for the related assets.

j) Provisions and contingencies

In preparing the interim balance sheet, the Parent Company's Directors make a distinction between:

j.1) Provisions

Liabilities existing at the balance sheet date, arising as a result of past events, the settlement of which is likely to cause an outflow of resources, but which are uncertain as to their amount and/or date of settlement., are recognized in the balance sheet as provisions at the present value of the amount that the Group deems most likely will have to be paid to settle the obligation.

Provisions are quantified on the basis of the best information available at the balance sheet date on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year.

The financial effect of provisions is recognized as a financial expense on the income statement. No discounts are made on those provisions falling due within twelve months that do not have a significant financial effect.

If it is no longer probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

j.2) Contingent liabilities



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

Possible obligations arising from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group.

The consolidated financial statements for the year ended December 31, 2022 include provisions when the Group considers that it will more likely than not have to settle related obligations. Provisions are measured at the present value of the best possible estimate of the amount needed to cancel or transfer the obligation to a third party. Contingent liabilities are not recognized in the consolidated balance sheet but disclosed in the notes to the consolidated financial statements.

k) Related-party transactions

Related-party transactions, independently of the degree of relationship, are recognized in accordance with general regulations, that is, initially at fair value. If the agreed-upon price of a transaction differs from its fair value, the difference is recorded taking into account the economic substance of the transaction. Subsequent measurement follows prevailing accounting regulations.

l) Income and expenses

In the recognition of revenue the Group follows a process consisting in the following stages:

- a) Identifying the contract (or contracts) with the customer, understood as an agreement between two or more parties that creates enforceable rights and obligations.
- b) Identifying the obligation or obligations to be satisfied in the contract, representative of the commitments to transfer goods or render services to a customer.
- c) Determining the transaction price, or consideration of the contract that the Company expects to be entitled to in exchange for the promised transfer of goods or rendering of services to the customer.
- d) Allocating the transaction price to the obligations to be satisfied, which shall be done based on separate selling prices of each good or service promised in the contract or, where appropriate, following an estimate of the selling price when it cannot be observed independently.
- e) Recognizing revenue from ordinary activities when the Group satisfies a promised obligation through the transfer of a good or rendering of a service; the obligation is satisfied when the customer obtains control over the said asset or service and, thus, recognized revenue from ordinary activities shall be the amount allocated to the satisfied contractual obligation.

The Group recognizes revenue from a contract when control over the promised goods or services (that is, the obligation or obligations to be satisfied) is transferred to the customer. For each identified obligation to be satisfied, at inception of the contract the Company determines whether the commitment is met over time or at a point in time.

Income from commitments met over time is recognized based on the stage of completion towards complete fulfillment of contractual obligations provided that reliable information is available to the Company for measuring the stage of completion.



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

In the event of contractual obligations that are satisfied at a given point in time, income from their execution is recognized at that date. The costs incurred in the production or manufacture of a product are accounted for as inventory.

Ordinary income from the sale of goods and the rendering of services is measured at the monetary amount or, where appropriate, the fair value of the consideration received or receivable. The consideration is the price agreed on for the assets to be transferred to the customer less any discounts, rebates, and other similar items given by the Group, and any interest included in the nominal amount of loans.

In accordance with the accruals principle, income is recognized when control is transferred and expenses are recognized when they arise, regardless of when actual payment or collection occurs.

Income from energy supply is recognized when energy has been delivered to the customer in accordance with available information on the electrical system based on periodic meter readings and, where appropriate, considers an estimate of its accrual and the value of energy/product consumed from the date of available reading to the closing of the period. Estimated daily consumption is based on adjusted historical customer profiles considering seasonality and other measurable factors that affect consumption.

Certain electricity and gas system figures, including those corresponding to other companies used to estimate the overall settlement of the system that shall be materialized in the corresponding final settlements, may affect the determination of the deficit in the settlements of regulated electricity and gas activities in Spain.

Income from representation of renewable energy producers is recorded when this energy is generated, which is notified by Red Eléctrica de España and other official agencies in their respective calculations. These are the best estimates that the company has access to.

Revenue from installation is recorded in accordance with the stage of completion of the said installations.

Additionally, the company recognizes income from the rendering of services over time as associated costs are incurred.

Income related to dividends is recognized in the income statement when the right to receive them is established. In case distributed dividends are derived from profit generated prior to the date of acquisition they are recognized as a decrease in the carrying amount of the investment. Interest from financial assets is recognized in the income statement using the effective interest method.

m) Termination benefits

Under prevailing labor legislation, the Group is bound to pay indemnities for the termination of labor contracts in certain conditions. Reasonably quantifiable termination benefits are recognized as an expense in the year in which the Group has created a valid expectation with respect to third parties that it will assume an obligation.

n) Accrual of customer acquisition costs

Until the year ended December 31, 2020 the Group recognized as an intangible asset all costs incurred for obtaining a new contract with a customer only if the Company estimated that these costs would be recovered in the future.



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

These acquisition costs are those incremental costs that the Group would not have incurred had the contract not been concluded.

As from January 1, 2022, these costs are accrued over a period of 4 years in accordance with the average life of the contracts that the Group signs with its customers. At each year end Management assesses the period and makes the corresponding amendments prospectively, where appropriate. Before they were accrued over a period of 7 years.

Pursuant to the resolution issued by ICAC on February 10, 2021, since January 1, 2021 the Group has adapted its accounting records and customer acquisition costs are therefore recorded as long- and short-term accruals based on the average life of the contract.

Additionally, the Group records these accruals in the income statement under “Other operating expenses”.

o) Inventory

Stocks are valued at acquisition price or production cost. Costs of purchase include the invoice price after deducting any trade discounts, rebates and other similar items, plus all other costs incurred until the goods are available for sale, such as transport, customs, insurance, and others directly attributable to the acquisition of inventory items.

When the net realizable value of inventories is less than acquisition or production cost, the corresponding provision is recognized in the income statement. No provision is set aside for raw materials and other consumables used in production, if the finished products in which they are incorporated are sold above cost.

5. Business combination

Business combinations in which a company gains control over one or several businesses through the merger or spin-off of several companies by acquiring all assets and liabilities of all or part of a company which constitutes one or more businesses are accounted for using the purchase method. The purchase method consists of accounting for, at the acquisition date, the assets acquired and the liabilities assumed at fair value, provided that they can be reliably measured.

The difference between the cost of the business combination and the value of identifiable assets acquired, less the cost of liabilities assumed is recognized as goodwill, where goodwill is positive, or as income in the income statement, where goodwill is negative.

Provisional values may be used to measure business combinations when the necessary measurement process has not been completed prior to the financial year end. These values should be adjusted before one year from the date of acquisition at the latest. Adjustments recognized to complete initial measurement are made retroactively, thus the adjusted values are those that would have resulted had the adjustment been made initially, and therefore the comparatives are restated.

In July 2021 Holaluz announced a plan to acquire installation companies, which consolidated and confirmed with the entry into the Parent Company’s shareholding structure of Abacon Invest GmbH and Pelion Green Future Alpha GmbH in December 2021 through a capital increase of 7.5 million euros (Note 13). The Group signed an agreement to acquire its first two installers: Katae Energía SL. (Lleida) and GHC (Gestión Hidráulica Canarias, SL., Tenerife). These acquisitions have allowed Holaluz to consolidate its leadership position in the photovoltaic segment for household customers



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

in the Spanish regions of Catalonia, Levante and the Canary Islands, respectively. Katae Energía has been part of the consolidation scope since July 2021 and GHC since January 2022.

The breakdown of the amounts related to acquisitions at December 31, 2022 is as follows (thousands of euros):

Name of the Company acquired	Date of acquisition	Acquisition price	Fair value of net assets acquired	Goodwill
Gestión Hidráulica Canarias, SL	Jan-2022	107	107	-
		107	107	-

The values of the identifiable assets and liabilities at the date of gaining control over the business combinations, excluding resulting goodwill, were as follows:

(euros)	Recognized on acquisition	Book value
Property, plant and equipment	25,743	25,743
Current assets	91,861	91,861
Other current and non-current liabilities	(10,475)	(10,475)
	107,129	107,129

The breakdown of the amounts related to acquisitions in 2021 is as follows (thousands of euros):

Name of the Company acquired	Date of acquisition	Acquisition price	Fair value of net assets acquired	Goodwill
Katae Energía, S.L.	Sep-2021	181	181	-
Bulb Energía Ibérica, S.L.	Dec-2021	3,822	3,822	-
		4,003	4,003	-

The values of the identifiable assets and liabilities at the date of gaining control over the business combinations, excluding resulting goodwill, were as follows:

(euros)	Recognized on acquisition	Book value
Property, plant and equipment	84,440	84,440
Intangible assets	4,492	4,492
Other non-current assets	-	-
Current assets	6,446,954	6,446,954
Deferred tax liabilities arisen	-	-
Other current and non-current liabilities	(2,533,359)	(1,869,359)
	4,002,528	4,666,528

6. Intangible assets

At December 31, 2022 and December 31, 2021 the movements in Intangible Assets are as follows:



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

Cost	Balance at December 31, 2021	Investments and Charge for the year	Business combinations	Disposals	Balance at December 31, 2022
Industrial property	18,951	-	-	-	18,951
Development costs	24,781,745	15,455,914	-	-	40,237,659
Software	1,347,069	181,663	-	-	1,528,732
Other intangible assets	-	397,479	-	-	397,479
Intangible assets in progress	-	6,006,569	-	-	6,006,569
Total	26,147,765	22,041,625	-	-	48,189,390
Accumulated amortization					
Industrial property	(14,644)	(196)	-	-	(14,840)
Development costs	(9,562,075)	(5,688,386)	-	-	(15,250,461)
Software	(1,086,941)	(136,418)	-	-	(1,223,359)
Other intangible assets	-	(8,087)	-	-	(8,087)
Total	(10,663,660)	(5,833,087)	-	-	(16,496,747)
NET TOTAL	15,484,105	16,208,538	-	-	31,692,643

Cost	Balance at December 31, 2020	Investments and Charge for the year	Business combinations	Disposals	Balance at December 31, 2021
Industrial property	15,951	-	3,000	-	18,951
Development costs	15,888,140	8,893,605	-	-	24,781,745
Software	1,192,391	150,988	3,690	-	1,347,069
Total	17,096,482	9,044,593	6,690	-	26,147,765
Accumulated amortization					
Industrial property	(13,465)	(1,180)	-	-	(14,644)
Development costs	(5,835,691)	(3,693,609)	(32,774)	-	(9,562,075)
Software	(933,833)	(117,464)	(35,643)	-	(1,086,941)
Total	(6,782,989)	(3,812,253)	(68,417)	-	(10,663,660)
NET TOTAL	10,313,493	5,232,340	-61,727	-	15,484,105

6.1. Significant movements

Additions in intangible assets recorded during the period comprised between January 1 and December 31, 2022 include the capitalization of work performed by Holaluz Clidom S.A. and Clidom Solar S.L. and capitalized for an amount of 7,025,719 euros (4,544,120 euros at December 31, 2021), and are part of the technological innovation project related to the vertical integration of all distributed generation processes and *Smart Supply* (billing by fixed monthly fee) that the Group has been carrying out since the beginning of the financial year 2021. This project also includes developments by external technology consulting firms amounting to 7,757,597 euros at December 31, 2022 (4,349,485 euros at December 31, 2021).

The Rooftop Revolution is based on the use of 100% green energy sources in Spain. Thus, it focuses on the installation of solar panels in Spanish households, fostering self-consumption of electricity. Distributed generation offers great environmental and energy efficiency advantages: in addition to avoiding energy losses from transmission, it replaces fossil generation (gas, fuel, carbon, etc.) with



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

renewable energies.

The project pursues to digitalize the entire value chain, from the first contact with the homeowner-customer to efficient management of the preparation of the equipment necessary for the facility, contact with technicians and subsequent maintenance. One of the objectives is to obtain results through predictive software to enhance energy performance. Here is where energy management and the demand prediction algorithm come into play, considering that a portion of the energy produced by the facility is self-consumed and another portion is sold to Holaluz. This is a project that is comprehensively classified as a Technological Innovation project.

Intangible assets in progress include 6 million corresponding to prepayments to the supplier Mckinsey within a development program for escalating and automating the business activities of the subsidiary Clidom Solar, S.L.

6.2 Other information

The gross value of fully amortized intangible assets still in use is as follows:

Account	Balance at 12.31.2022	Balance at 12.31.2021
Development costs and Software	4,486,908	1,539,894
Industrial property	14,000	14,000
Total	4,500,908	1,553,894

No intangible assets are located outside of Spain.

7. Property, plant and equipment

At December 31, 2022 and December 31, 2021 the movements in Fixed Assets are as follows:



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

Cost	Balance at December 31, 2021	Investments and Charge for the year	Business combinations	Disposals	Balance at December 31, 2022
Data processing equipment	655,807	564,431	1,740	(1,740)	1,220,238
Installations	523,146	379,668	14,662	(14,662)	902,814
Furniture and office equipment	147,169	687,300	-	-	834,469
Transport equipment	153,536	104,483	26,634	(36,892)	247,761
Total	1,479,658	1,735,882	43,036	(53,294)	3,205,282
Accumulated depreciation					
Data processing equipment	(377,473)	(178,519)	(2,576)	1,740	(556,828)
Installations	(181,031)	(93,361)	(2,405)	4,111	(272,686)
Furniture and office equipment	(38,796)	(157,162)	(184)	7,794	(188,348)
Transport equipment	(40,428)	(50,729)	(12,128)	18,214	(85,071)
Total	(637,728)	(479,771)	(17,293)	31,859	(1,102,933)
NET TOTAL	841,930	1,256,111	25,743	(21,435)	2,102,349

Cost	Balance at December 31, 2020	Investments and Charge for the year	Business combinations	Disposals	Balance at December 31, 2021
Data processing equipment	500,391	135,809	19,607	-	655,807
Installations	489,602	-	33,544	-	523,146
Furniture and office equipment	100,582	42,687	3,900	-	147,169
Transport equipment	-	135,643	19,542	(1,649)	153,536
Total	1,090,575	314,139	76,593	(1,649)	1,479,658
Accumulated depreciation					
Data processing equipment	(286,013)	(87,330)	(4,130)	.	(377,473)
Installations	(127,787)	(50,094)	(3,150)	-	(181,031)
Furniture and office equipment	(24,316)	(13,203)	(1,277)	-	(38,796)
Transport equipment	-	(34,297)	(7,419)	1,288	(40,428)
Total	(438,116)	(184,924)	(15,976)	1,288	(637,728)
NET TOTAL	652,459	129,215	60,617	(361)	841,930

7.1. Significant movements

For the Parent Company, additions in Installations and Furniture and office equipment correspond to the renovation and modification of a new office space.

Additionally, new data processing equipment has been acquired for the new work space as well as for the renewal of laptops and other computer equipment, as a result of an increase in the Company's staff in the last few months.

Additions in transport equipment correspond to the acquisition of vehicles under finance lease



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

agreements for the subsidiary Katae Energía, SL.

Disposals correspond to the sale of fixed assets of the subsidiary Gestión Hidráulica Canarias, SL.

7.2. Other information

The gross value of fully depreciated property, plant and equipment items still in use at the Parent Company is as follows:

Account	Balance at 12.31.2022	Balance at 12.31.2021
Data processing equipment	304,082	186,462
Furniture	2,757	2,757
Total	306,839	189,219

It is Group policy to take out the insurance policies necessary to cover the potential risks to which its property, plant, and equipment items are exposed. At December 31, 2022 these potential risks were fully covered by the insurance.

No property, plant and equipment items have been acquired between the group companies at December 31, 2022 or December 31, 2021. No property, plant and equipment items are located outside of Spain.

8. Leases and similar arrangements

8.1. Operating leases

The operating lease payments recognized as expenses correspond mainly to the Parent Company. During the first months of 2022 this heading includes lease agreements on warehouses and vans corresponding to the Solar business. The breakdown thereof is as follows:

Description	Balance at 12.31.2022	Balance at 12.31.2021
Lease expenses	1,579,547	505,179
Total	1,579,547	505,179

According to the current contracts in force, the Parent Company's future non-cancelable minimum operating lease payments that may be updated in the future based on the evolution of CPI are as follows:

Maturity	12.31.2022	12.31.2021
Within one year	906,380	481,620
Between one and five years	1,606,730	933,385
Total	2,513,110	1,415,005

The Parent Company entered into a lease arrangement on its head offices on September 1, 2017 that



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

expires in December 2024. On November 19, 2021 a new rental agreement was signed, maturing in December 2026, for extending the said offices.

9. Current and non-current financial investments

a) Non-current financial investment categories

Financial investments, except for cash and cash equivalents, are classified into the following categories:

Financial assets at amortized cost		
Non-current	12.31.2022	12.31.2021
Loans to third parties	7,409,411	2,633,214
Other financial assets	816,450	600,924
Total	8,225,861	3,234,138

Loans to third parties amounting to 7.4 million euros correspond to loans for solar panel installations that the customers will repay in fixed monthly installments included in their electricity bill over the next 15 years (2.6 million euros at December 31, 2021).

These loans were granted for the purpose of starting the activity and as proof of concept for raising an SPV that would make it possible to obtain specific third-party resources and to carry out the business activity rather than using the Company's financing in general. Until the SPV is raised, Holaluz does not plan to grant any further loans in this regard.

Other non-current financial assets substantially correspond to the deposit given as a lease guarantee on the offices rental maturing in 2024 (149 thousand euros at December 31, 2022 and 69 thousand euros at December 31, 2021), guarantees at MIBGAS (12 thousand euros) and long-term social contributions in Avalis (28.6 thousand euros) and Cajamar (30 thousand euros), security deposits on vehicles (51 thousand euros), 488 thousand euros deposited at the OMIP market by the subsidiary Clidomer, among others.

Additionally, there are non-current derivatives amounting to 4.7 million euros (2.5 million at December 31, 2021). The "Derivatives" balance at December 31, 2022 and December 31, 2021 is commented on in Note 16.

b) Current financial investment categories

Current financial investments are classified based on the following categories:

Financial assets at amortized cost		
Current	12.31.2022	12.31.2021
Other financial assets	2,817,043	8,057,651
Total	2,817,043	8,057,651

At December 31, 2022 and December 31, 2021 "Other financial assets" mostly corresponds to deposits given as guarantees to the electricity and gas market operators. These detailed balances mainly correspond to the Parent Company.



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

The “Derivatives” balance at December 31, 2022 and December 31, 2021 is commented on in Note 16.

10. Trade and other receivables

a) The breakdown of ‘Trade and other receivables’ corresponding to financial assets at amortized cost is as follows:

Trade and other receivables	12.31.2022	12.31.2021
Trade receivables	57,705,724	48,485,760
Other receivables	45,262,640	15,855,748
Receivables from employees	63,830	56,017
Current income tax assets	40,316	32,020
Other receivables from Public Administrations	18,684,084	18,619,230
TOTAL	121,756,594	83,048,775

At December 31, 2022, the balances related to electricity and gas sales of the Parent Company pending invoice included in ‘Trade receivables’ amount to 34.0 million euros (33.6 million euros at December 31, 2021) and correspond to energy supplied during December, which is invoiced to customers during the first working days of the following month (in this case, January 2023). The Parent Company’s operations for billing the electricity and gas sales activity consist in issuing invoices for the amount of electricity and gas consumed during the calendar month and sending the corresponding invoices to customers during the first days of the following month. This heading also includes balances receivable for invoices issued by Clidom Solar for solar panel installation amounting to 5.1 million euros (0.1 million euros at December 31, 2021) and 1.2 million euros corresponding to Katae Energía for the same concept (0.04 million euros at December 31, 2021). It also includes 0.8 million euros corresponding to the subsidiary Clidomer Portugal for the sale of electricity (0.8 million euros at December 31, 2021).

Other receivables mainly correspond to outstanding settlements of derivatives (38,412 thousand euros) and balances pending collection from generating plants for the electricity representation business (166 thousand euros).

The balance of receivables from public administrations amounting to 18,684 thousand euros is commented on in Note 18.

b) Impairment losses arising from credit risk

The balance of ‘Trade receivables’ is presented net of impairment losses. The movements in impairment losses, only for the Parent Company, are as follows:

Impairment losses due to credit risk	12.31.2022	12.31.2021
Opening impairment losses	(6,158,334)	(3,971,123)
Impairment losses	(9,801,736)	(3,448,590)
Derecognition and reductions	-	1,845,370
Additions due to business combinations	-	(583,991)
Total	(15,960,070)	(6,158,334)

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

11. Inventories

At December 31, 2022 and 2021 there were no firm commitments to purchase inventories.

The breakdown of inventories at 2022 and 2021 year end is as follows:

	12.31.2022	12.31.2021
Commercial inventories	12,809,909	681,326
Prepayments to suppliers	1,182,070	1,669,514
Total	13,991,979	2,350,840

The balance of commercial inventories at December 31, 2022 corresponds to gas inventories (7.8 million euros) and to the solar business (5 million euros).

The Company has arranged insurance policies to ensure the recoverability of the net carrying amount of its inventories.

Impairment losses on inventories are recorded based on the decrease in the market price of certain raw materials that will not be recovered from the sale of finished products. At 2022 year end the Group has no impaired inventories.

12. Accruals

Current and non-current accruals include customer acquisition costs. The movement for the year is as follows:

	Balance at December 31, 2021	Additions	Accruals income statement	Transfers	Balance at December 31, 2022
Non-current					
Customer acquisition costs	23,354,399	15,766,636	(9,825,264)	(10,919,209)	18,376,562
Total	23,354,399	15,766,636	(9,825,264)	(10,919,209)	18,376,562
Current					
Customer acquisition costs	4,715,499	-	(4,715,499)	10,919,209	10,919,209
Total	4,715,499	-	(4,715,499)	10,919,209	10,919,209
TOTAL	28,069,898	15,766,636	(14,540,763)	-	29,295,771

Accruals

Current accruals include, in addition to the customer acquisition costs broken down above, the following unaccrued expenses at year end:

- Sales commissions for an amount of 1,656 thousand euros (1,565 thousand euros at December 31, 2021) for annual customer contracts.
- Insurance premiums amounting to 206 thousand euros (162 thousand euros at December 31, 2021).
- Advertising costs for campaigns not launched amounting to 641 thousand euros (914



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

thousand euros at December 31, 2021).

- Additionally, 207 thousand euros are included in the subsidiaries Clidom Solar and Katae Energía (825 thousand euros at December 31, 2021) corresponding to the portion of costs for uncompleted solar panel installation projects.

13. Cash and cash equivalents

The breakdown of this caption at December 31, 2022 and December 31, 2021 is as follows:

	12.31.2021	12.31.2021
Cash	-	1,032
Demand current accounts	10,339,505	9,893,997
Total	10,339,505	9,895,029

Current accounts earn market interest rates.

There are no additional restrictions on the availability of these balances either for the Parent Company or the subsidiaries.

14. Equity

a) Share capital and Treasury shares

At December 31, 2020, the Group's Parent Company's share capital amounted to 617,385 euros and consisted of 20,579,484 Parent Company shares with a nominal value of 0.03 euros each, fully subscribed and paid in.

On September 30, 2021, given the chance of carrying out potential acquisitions of electricity marketers, arisen as a result of the upward trend in the wholesale market electricity prices, and thus speed up its organic growth plan, Holaluz entered into a subordinated financing transaction convertible into Company shares for the amount of 11.36 million euros, whose conversion was approved by the shareholders at the general meeting held on November 9, 2021, through the corresponding capital increase for the same amount.

On December 10, 2021 the Parent Company's board of directors, pursuant to the authorization granted by the shareholders in general meeting, and following the board of director's report, resolved to increase capital through monetary contributions waiving pre-emptive subscription rights, for an effective aggregate amount of 7,499,990.04 euros (aggregate nominal amount of 16,292.52 euros and aggregate share premium of 7,483,697.52 euros). Additionally, the Parent Company's board of directors resolved to carry out the capital increase by issuing and putting into circulation 543,084 ordinary Parent Company shares, of the same class and series as currently outstanding shares, represented by book entries. The shares are issued at a nominal unit value of 0.03 euros plus a share premium of 13.78 euros per share, giving an effective issue rate of 13.81 euros per share. The board of director's agreement envisaged the possibility that the capital increase may be subscribed incompletely and delegates the power to some board directors of establishing the final terms and conditions of the capital increase, among others. On December 28, 2021 a capital increase of 6,699,990.55 euros was carried out (aggregate nominal amount of 14,554.65 euros and aggregate share premium of 6,685,435.90 euros), declaring the subscription incomplete in the amount of 799,999.49 euros. Thus, the capital increase was carried out by the issuance and putting into circulation of 485,155 new ordinary Parent Company shares. This capital increase was subscribed



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

by three qualified investors: Abacon Invest GmbH, Pelion Green Future Alpha GMBH and MDR Inversiones, S.L.

As a result of these transactions, since December 2021 the Company's share capital has amounted to 656,661.57 euros, fully subscribed and paid in, and consists of 21,888,719 ordinary shares with a par value of 0.03 euros each. There have been no changes in 2022.

All Company shares, including the new ones, are ordinary shares and bear the same voting and dividend rights.

The breakdown of legal entities which hold an ownership interest greater than 10% in the Parent Company is as follows:

	12.31.2022	12.31.2021
Axon Capital e Inversiones	16.81%	16.81%

b) Legal reserve

Under the revised text of the Spanish Capital Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

At December 31, 2022 the legal reserve was funded by 18.80%.

c) Reserves and share premium

Additionally, the breakdown of consolidated reserves is as follows:

	12.31.2022		12.31.2021	
	Reserves in the Parent	Reserves in consolidated companies	Reserves in the Parent	Reserves in consolidated companies
HOLALUZ-CLIDOM, SA	(7,111,230)		(2,284,146)	
CLIDOMER, LDA		(1,139,706)		(422,229)
CL. SOLAR, SL		(5,761,394)		(3,010,210)
CL. ITALIA, SRL		(11,644)		(23,302)
CL. FRANCE, SARL		(28,834)		(24,743)
HOLALUZ GENERACIÓN, SL		(2,744)		(1,476)
HL ROOFTOP REVOLUTION, SL		33,854		(219)
CL. GENERAC., SL		(1,160)		(461)
KATAE ENERGÍA, SL		(142,617)		(2,423)
BULB ENERGÍA IBÉRICA, SL		-		-
TOTAL RESERVES	(7,111,230)	(7,054,245)	(2,284,146)	(3,485,063)

The balance of the share premium can be freely distributed if the value of equity is not lower than share capital or would not become lower than share capital as a result of the distribution.

d) Transactions with treasury shares



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

Treasury shares at December 31, 2022 account for 0.18% of the Company's share capital (0.18% at December 31, 2021) and amount to 61,226 shares (38,396 shares at December 31, 2021), at an average acquisition price of 9.66.

15. Non-current and current payables

Non-current payables mainly correspond to the Parent Company. They are classified into the following categories:

	Bank borrowings		Other items	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Financial liabilities at amortized cost	23,392,439	19,772,021	1,330	95,802
TOTAL	23,392,439	19,772,021	1,330	95,802

During 2022 a new loan has been taken out with the Catalan Institute of Finance for an amount of 2M euros maturing in the long term, with a grace period until July 2023.

During May 2021 the conditions of the ICO loans granted by several financial entities during 2020 for the amount of 11.5M euros were renegotiated, extending the corresponding grace periods until the first quarter of 2022.

This heading also includes 56 thousand euros corresponding to finance lease payables of the subsidiary Katae Energía, SL.

The breakdown of "Derivatives" is commented on in Note 16.

Current payables mainly correspond to the Parent Company. They are classified into the following categories:

	Bank borrowings		Other items	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Financial liabilities at amortized cost	40,770,224	26,302,058	8,418,552	10,657,950
TOTAL	40,770,224	26,302,058	8,418,552	10,657,950

During 2022 10 loans have been taken out for an overall amount of 4.75M maturing in the short term with Bankinter and Banco Santander. At the date these consolidated financial statements are signed, 3.8M and 0.9M that matured in January 2023 have already been repaid.

Bank borrowings include the portion of current loans indicated in the paragraph above. They also include the amounts utilized from credit lines and the amounts utilized from reverse factoring facilities and funded payments (Note 14 a). Most of these borrowings at December 31, 2022 correspond to Banc Sabadell, BBVA and Banca March.

This heading also includes 13M euros corresponding to SEPA financing carried out at December 31 that at the date these consolidated financial statements are signed has been fully settled.



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

This heading also includes 28 thousand euros corresponding to finance lease payables of the subsidiary Katae Energía, SL.

Green Promissory Note Program (Programa Pagares Verdes)

On November 21, 2022 BME's Fixed-Income Market (MARF) registered the first Green Promissory Note Program of Holaluz-Clidom, SA amounting to 100 million euros. Through this program, the Company expects to have flexible access to qualified investors over the next twelve months, within a strategy to diversify its funding sources. Holaluz has structured the promissory notes issued under these Green Promissory Note Program so that they are considered a green instrument in accordance with the Holaluz Green Finance Framework, whereby the company can issue notes and promissory notes in accordance with the Green Bond Principles 2021 and take out financing agreements in accordance with the Green Loan Principles 2021 of the International Capital Markets Association (ICMA). To that end, Holaluz has obtained a favorable opinion from Sustainalytics, which confirms that the Holaluz Green Finance Framework is aligned with the four core ideas integrating both Principles. Of the 8.1 million euros classified as "Other items", 6.5 million euros correspond to the promissory notes issued on MARF.

On December 31, 2022 the Company's financial statements include a financing facility for promissory notes issued on MARF amounting to 6.5 million euros.

The breakdown of "Derivatives" is commented on in Note 16.

a) Classification by maturity

The breakdown by maturity of bank loans, with fixed or determinable maturity, at December 31, 2022 and December 31, 2021, is as follows:

12.31.2022	2023	2024	2025	2026	Subsequent years	TOTAL
Bank loans	4,736,019	5,053,227	4,617,887	2,380,491	583,987	17,371,611
TOTAL	4,736,019	5,053,227	4,617,887	2,380,491	583,987	17,371,611

12.31.2021	2022	2023	2024	2025	Subsequent years	TOTAL
Bank loans	3,551,363	3,563,333	4,037,943	4,094,580	2,943,760	18,190,979
TOTAL	3,551,363	3,563,333	4,037,943	4,094,580	2,943,760	18,190,979

b) Other information

Bank borrowings, which mainly correspond to the Parent Company, are as follows:



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

12.31.2022			
	Limit (*)	Current	Non-current
Bank loans	22,520,744	4,736,019	12,635,592
Credit facilities	25,950,000	4,854,895	10,700,530
Factoring, reverse factoring and funded payments	23,770,000	18,045,743	-
Bills discounted	13,000,000	12,999,500	-
Credit cards	139,900	105,611	-
TOTAL	85,380,644	40,741,768	23,336,122

(*) In the case of bank loans, initial amount obtained.

12.31.2021			
	Limit (*)	Current	Non-current
Bank loans	25,346,602	3,551,363	14,639,617
Credit facilities	22,450,000	761,993	5,050,362
Factoring, reverse factoring and funded payments	12,000,000	11,845,305	-
Bills discounted	10,000,000	10,059,760	-
Credit cards	139,900	57,234	-
TOTAL	69,936,502	26,275,655	19,689,979

(*) In the case of bank loans, the initial amount obtained.

In the period between December 31, 2021 and December 31, 2022 the Parent Company has reduced the limit available on its net bank borrowings by 2.7 million euros. Short-term financing has increased through new factoring facilities, and current loans for tax financing have been repaid. These amounts have been mainly used to finance the cash needs derived from the ordinary electricity and gas marketing activity and representation activity conducted by the Parent Company, as well as to finance growth in the solar business carried out by the subsidiaries Clidom Solar and Katae. Of the 26.0 million euros of the limit available on credit facilities at December 31, 2022, 20.6 million euros mature in the long term, as they are ICO lines granted to the Parent Company in 2020 and 2021 under a program launched by the Spanish Government to mitigate the effects of Covid on Spanish companies.

Additionally, the Parent Company has lines of security interests and guarantees that have been granted by several financial institutions for an overall amount of 41.3 million euros and drawn down for an amount of 34.3 million euros (19.3 million euros at December 31, 2021), which have been provided to energy suppliers to carry out the energy purchase and marketing activity.

The interest rate paid by the Parent Company related to bank borrowings is on average Euribor + 1.9% (between 1.1% and 2.6% at December 31, 2021).

16. Trade and other payables

The breakdown of 'Trade and other payables' is as follows:

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Notes to the Consolidated Financial Statements for the year ended December 31, 2022

Financial liabilities at amortized cost	12.31.2022	12.31.2021
Suppliers	72,226,017	102,985,490
Other payables	58,480,678	17,187,370
Employee benefits payable	1,114,321	486,087
Current income tax liabilities	415,816	13,086
Other payables to public administrations (*)	1,652,750	876,926
Customer advances (**)	10,095,794	1,535,220
	143,985,376	123,084,179

(*) See Note 18

(**) This balance mainly corresponds to Clidom Solar for advance collections from incomplete solar installations, for the amount of 8,227 thousand euros. The income in the income statement is recognized once the installation is completed. Additionally, 1.9 million euros correspond to the parent company. At each month end and, therefore, also at year end, the balance of ‘Customer advances’ corresponds to advance collections received from the customers that have contracted a flat rate (Sin-Sorpresas) and to the advance collection received in prior months that will be regularized in each annuity of the customer contract, for the amount of 1,869 thousand euros.

At December 31, 2022 the balances for invoices pending receipt corresponding to supplied electricity included under “Suppliers” amount to 24.6 million euros (40.6 million euros at December 31, 2021), of which 15.6 million euros correspond to invoices pending receipt from the plants (34.6 million euros at December 31, 2021), 6.3 million euros to invoices pending receipt from distributors (3.8 million euros at December 31, 2021) and 2.0 million euros to invoices pending receipt from REE (corporation operating the Spanish electricity grid).

16.1. Information on the average payment period to suppliers. Additional Provision Three. ‘Disclosure requirements’, of Spanish Law 15/2010

The information on the average payment period to the Parent Company’s suppliers is as follows:

	12.31.2022	12.31.2021
Average payment period to suppliers	51	23
Ratio of transactions paid	55	26
Ratio of transactions outstanding	22	8

	12.31.2022	12.31.2021
Total payments made	829,681,831	610,689,793
Total payments outstanding	114,766,295	115,075,885
Monetary volume of invoices paid by the deadline established in late payment regulations	897,225,720	693,856,631
Percentage of payments made by the established deadline over total payments	95%	96%

(Number of invoices)

Invoices paid by the deadline established in late payment regulations	3,003,914	3,405,197
Percentage over total number of invoices	77%	94%

17. Hedging transactions using derivative financial instruments



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

The Parent Company uses derivatives to hedge the risks to which its activities, operations and projected cash flows are exposed. At December 31, 2022 base loads of energy are covered at a fixed price. All of them end in 2027, and meet the requirements detailed in (Note 3f) on measurement policies to be classified as hedging instruments.

Cash flow hedges in force at December 31, 2022 in the Parent Company's balance sheet are as follows:

Description of the hedge	Type	Entity	Underlying	Fair value	
				Asset	Liability
EEX Power hedge	SWBCCAL23	Investment entity	MWh	-	(12,409,416)
EEX Power hedge	SWBCCAL24	Investment entity	MWh	-	(5,609,462)
EEX Power hedge	SWBCCAL25	Investment entity	MWh		(6,969,456)
Over the counter	OTCCAL23	Investment entity	MWh	1,974,060	(8,196,122)
Over the counter	OTCQ1-23	Investment entity	MWh	6,450	(6,993,957)
Over the counter	OTCJAM23	Investment entity	MWh		(669,834)
Over the counter	OTCFEB23	Investment entity	MWh	-	(11,254)
Over the counter	OTCMAR23	Investment entity	MWh	-	(61,165)
Over the counter	OTCQ2-23	Investment entity	MWh	145,237	-
Over the counter	OTCQ3-23	Investment entity	MWh	-	(27,081)
Over the counter	OTCQ4 -23	Investment entity	MWh	-	(11,772)
Over the counter	OTCCAL24	Investment entity	MWh	752,955	-
Over the counter Power Purchases Agreement	OTCQ124	Investment entity	MWh	-	(71,811)
	CAL20_26	Investment entity	MWh	7,259,369	-
Total				10,138,397	(41,031,330)
Net					(30,892,933)

Cash flow hedges in force at December 31, 2021 in the Parent Company's balance sheet are as follows:

Description of the hedge	Type	Entity	Underlying	Fair value	
				Asset	Liability
EEX Power hedge	SWBCCAL22	Investment entity	MWh	9,013,291	(12,059,454)
EEX Power hedge	SWBCENE22	Investment entity	MWh	932,455	-
EEX Power hedge	SWBCFEB22	Investment entity	MWh	779,520	-
EEX Power hedge	SWBQMAR22	Investment entity	MWh	891,600	-
EEX Power hedge	SWBCQ2-22	Investment entity	MWh		(2,692,326)
EEX Power hedge	SWBCQ3-22	Investment entity	MWh		(13,020,686)
EEX Power hedge	SWBCQ4-22	Investment entity	MWh		(6,826,252)
EEX Power hedge	SWBCCAL23	Investment entity	MWh		(12,409,416)
EEX Power hedge	SWBCCAL24	Investment entity	MWh		(5,609,462)
EEX Power hedge	SWBCCAL25	Investment entity	MWh		(6,969,456)
Over the counter	OTCCAL22	Investment entity	MWh	11,421,856	(473,040)
Over the counter	OTCENE22	Investment entity	MWh	-	(3,946,362)
Over the counter	OTCFEB22	Investment entity	MWh	113,904	-
Over the counter	OTCMAR22	Investment entity	MWh	3,711,656	-

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Notes to the Consolidated Financial Statements for the year ended December 31, 2022

Over the counter	OTCQ122	Investment entity	MWh	5,976,112	(6,379,280)
Over the counter	OTCQ222	Investment entity	MWh	-	(9,246,335)
Over the counter	OTCQ322	Investment entity	MWh	1,935,444	(5,737,819)
Over the counter	OTCQ422	Investment entity	MWh		(6,837,341)
Over the counter	OTCCAL23	Investment entity	MWh		(2,912,700)
Over the counter	OTCCAL24	Investment entity	MWh		(590,724)
Power Purchases Agreement	CAL20_27	Investment entity	MWh	466,155	(30,975)
Power Purchases Agreement	CAL20_26	Investment entity	MWh	6,083,493	-
Total				41,325,486	(95,741,628)
Net					(54,416,142)

The net amounts of these transactions at December 31, 2022 total -30.9 million euros (-54.4 million euros at December 31, 2021) and have been recorded as follows:

Derivatives	12.31.2022	12.31.2021
NC derivative assets	4,742,047	2,477,077
C derivative assets	30,388,848	103,528,159
NC derivative liabilities	(12,655,624)	(27,932,010)
C derivative liabilities	(28,379,871)	(67,809,619)
TOTAL	(5,904,600)	10,263,607

Additionally, at December 31, 2022 the Company's cash account includes -25.0 million euros corresponding to hedging instruments settled before maturity (-64.7 million euros at December 31, 2021).

The amounts recognized during 2022 and 2021 in the Parent Company's equity and income statement related to the hedging transactions above are as follows:

	12.31.2022	12.31.2021
Amount recognized in equity - Profit / (loss)	(23,169,700)	(40,812,106)
Amount recorded directly in income statement - Profit / (loss)	(51,615,496)	29,974,237
Total	(74,785,196)	(10,837,869)

According to their nature, they are included in the consumption of goods.

18. Nature and extent of risks arising from financial instruments

Qualitative information

The Group centralizes financial risk management in the Finance Department, which has the necessary mechanisms in place to control exposure to fluctuations in interest rates, as well as to credit and liquidity risk. The main financial risks to which the Company is exposed are as follows:

a) Credit risk



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

In general, the Group keeps their cash and cash equivalents in financial entities with high credit ratings, and there is no significant concentration of credit risk with third parties. The guarantees deposited at the market operators (OMIE, MIBGAS and REE) mature within less than 12 months.

Additionally, the breakdown of trade receivables and their maturities is as follows:

	12.31.2022	12.31.2021
Not due	28,235,605	32,682,567
Past due, not impaired		
Less than 30 days	6,118,220	5,874,620
30 – 60 days	1,556,561	429,445
More than 60 days	21,795,338	9,499,129
	57,705,724	48,485,760
Doubtful receivables	15,960,070	6,158,314
Impairment losses	(15,960,070)	(6,158,314)
Total	57,705,724	48,485,760

b) Liquidity risk

In order to ensure ongoing liquidity and the ability to service all payment commitments arising from its activity, the Group holds the cash balances reflected in the balance sheet and the credit lines detailed in the note about financial institutions (Note 14b).

c) Market risk

Market risk exists when a potential loss may arise from fluctuations in the fair value or future cash flows of a financial instrument due to changes in market prices. Market risk comprises interest rate risk, currency risk, and other price risks.

Exposure to interest rate risk is mainly related to some working capital facilities at floating rates. The purpose of interest rate risk management is to find a balance in debt structure, maintaining part of the borrowings issued at a fixed rate.

As for the market price risk of energy, the Parent Company's policy is to arrange hedging financial instruments to minimize fluctuations in the Megawatt-hour (MWh) market price of energy (Note 16) and thus ensure trade margin. Additionally, the company has PPAs and, therefore, future energy purchase is locked at a fixed price.



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

19. Taxes

The breakdown of this heading in the consolidated financial statements at December 31, 2022 and December 31, 2021 is as follows:

12.31.2022				
Item	Debit balances		Credit balances	
	Non-current	Current	Non-current	Current
Value Added Tax	-	18,570,544	-	411,164
Canary Islands general indirect tax	-	112,210	-	-
Current income tax assets	-	40,316	-	-
Deferred tax assets	19,467,223	-	-	-
Deferred tax liabilities	-	-	-	-
Current income tax liabilities	-	-	-	415,816
Electricity tax	-	-	-	(89,693)
Gas tax	-	-	-	18,954
Personal income tax	-	-	-	570,889
Social security agencies	-	-	-	735,661
Income tax payable to tax authorities	-	-	-	-
Receivable from tax authorities related to grants	-	1,330	-	-
	<u>19,467,223</u>	<u>18,724,400</u>	<u>-</u>	<u>2,068,566</u>

12.31.2021				
Item	Debit balances		Credit balances	
	Non-current	Current	Non-current	Current
Value Added Tax	-	18,619,230	-	83,757
Canary Islands general indirect tax	-	-	-	115,971
Current income tax assets	-	32,020	-	-
Deferred tax assets	20,690,349	-	-	-
Deferred tax liabilities	-	-	-	-
Current income tax liabilities	-	-	-	-
Electricity tax	-	-	-	103,454
Gas tax	-	-	-	70,510
Personal income tax	-	-	-	196,167
Social security agencies	-	-	-	307,067
Income tax payable to tax authorities	-	-	-	-
	<u>20,690,349</u>	<u>18,651,250</u>	<u>-</u>	<u>876,926</u>



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

At December 31, 2022 VAT payable derives from the difference between output VAT for electricity and gas bills issued to customers at 10% and output VAT for solar project bills issued at 21% vs input VAT for all invoices issued to suppliers at 21% (see note “Regulatory framework”). At the date these consolidated financial statements were signed, the tax authorities had refunded 4.6 million euros to the Parent Company (which corresponded entirely to the Parent company) of the amount outstanding at December 31, 2022.

As from the year beginning on January 1, 2023, Holaluz Clidom and subsidiaries (Clidom Solar S.L, Katae Energía S.L, Holaluz Generación S.L, Holaluz Rooftop Revolution S.L, Clidom Generación S.L, Clidom Energía Iberica S.L and Gestión Hidráulica Canarias, S.L) will file a consolidated VAT tax return, with the company as the parent of the tax group. On December 22, 2022 the company informed the tax authorities of the formation of the said tax group.

The reconciliation of consolidated profit/(loss) before tax corresponding to the consolidated financial statements at December 31, 2022 is as follows:

	12.31.2022		12.31.2021	
	Tax accrued	Tax payable	Tax accrued	Tax payable
Profit/(loss) before income tax	(8,647,270)	(8,647,270)	(12,302,457)	(12,302,457)
Consolidation adjustments	(655,585)	(655,585)		
Permanent differences	3,317,873	3,317,873	1,108,727	1,108,727
Temporary differences				
Preliminary taxable income	(5,984,982)	(5,984,982)	(11,193,730)	(11,193,730)
Unused tax loss carryforwards				
Tax result	(5,984,982)	(5,984,982)	(11,193,730)	(11,193,730)
Total tax liability (25% of tax result)	(1,496,245)	(1,496,245)	(2,798,433)	(2,798,433)
Adjustment tax rate foreign subsidiaries	332,652	332,652	-	-
Deductions	(2,100,709)	(1,254,722)	(1,091,097)	
Other items	(261,446)	(261,446)	-	-
Net tax payable	(3,525,749)	(2,679,761)	(3,889,530)	-
Withholdings and payments on account	-	(721,319)	-	(23,719)
Capitalization of tax loss carryforwards		3,765,669		
Income tax expense / Income tax payable	(3,525,749)	364,589	(3,889,530)	(23,719)



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

Deferred tax assets recorded

The breakdown of the balance of this account in euros is as follows:

Item	12.31.2022		12.31.2021	
	Amount	Maturity	Amount	Maturity
Tax credits related to unused tax loss carryforwards	8,091,277		4,314,696	-
Arisen in 2016 and prior years			508,615	
Arisen in 2017			59,158	
Arisen in 2018	73,041		288,068	
Arisen in 2019	528,509		528,509	
Arisen in 2020	128,290		128,290	
Arisen in 2021	2,812,747		2,802,056	
Arisen in 2022	4,548,690		-	
Unused deductions:				
2014 deduction for investment profit		2029	29,604	2029
2013 deduction for IT		2031	35,099	2031
2014-2015 deduction for IT		2032	140,124	2032
2015-16 deduction for IT		2033	139,947	2033
2016-17 deduction for IT		2034	297,887	2034
2017-18 deduction for IT		2035	259,636	2035
2018-19 deduction for IT	11,088	2036	282,991	2036
2019-20 deduction for IT	384,843	2034	384,843	2034
4Q 2020 deduction for IT	100,832	2038	100,332	2038
2021 deduction for IT	1,066,153	2039	1,066,153	2039
2022 deduction for IT	2,100,709	2040	-	2040
2014-15 deduction for donation		2024	729	2024
2015-16 deduction for donation		2025	1,925	2025
2016-17 deduction for donation			2,275	2026
2018-19 deduction for donation			4,350	2028
2021 deduction for donation			24,815	2031
Adjustment for derivatives	7,723,232	-	13,604,035	-
Temporary differences				
2013-19 Amortization (25%)	-		408	2025-33
Total	19,478,135		20,690,349	

Technological innovation deductions derive from the technological transformation project that the Parent Company is developing (Note 4) and independent experts have certified that they meet the R&D&I requirements set forth in article 35 of Law 27/2014, of November 27, on the Income Tax.

An estimate has been made of the taxable profits that are expected to be obtained over the next five fiscal years (period for which it considers the estimates to be reliable) based on budgeted projections. The reversal period of taxable temporary differences has also been analyzed, identifying those that reverse in the years in which unused tax loss carryforwards may be utilized. Based on this analysis, deferred tax assets for unused tax loss carryforwards have been recognized, as well as deductible



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

temporary differences for which it is considered probable that sufficient taxable profit will be generated in the future against which they can be utilized.

Years open to inspection and tax inspections

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by tax authorities or until the four-year inspection period has expired. At December 31, 2022, the Parent Company is open to inspection for the income tax for 2017 and subsequent years and for all other applicable taxes for 2017 and subsequent years. The Parent Company's directors consider that all applicable taxes have been duly paid so that even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the treatment applied, the resulting potential tax liabilities, in the event that they materialize as a result of a tax inspection, would not have a material impact on the consolidated financial statements for the year ended December 31, 2022.

20. Income and expenses

a) Turnover

The distribution of revenue by activity category is as follows:

Activities	12.31.2022	12.31.2021
Marketing of electricity	430,678,593	277,115,187
Marketing of gas	37,671,856	19,818,038
Representation of electricity	420,730,548	269,172,741
Solar segment sales	30,734,899	5,382,296
Total	919,815,896	571,488,262

Revenue has been entirely generated in Spain, except for 26.1 million euros (70.5 million euros at December 31, 2021) corresponding to electricity representation in Portugal.

The sales for the marketing of electricity and gas is recorded as income when the energy is delivered to the customer based on the amounts supplied and including an estimate of unbilled energy supplied. The company operates only in the free market.

Income from representation of renewable energy producers is recorded when this energy is generated, which is notified by Red Eléctrica de España and other official agencies in their respective calculations. These are the best estimates that the company has access to.

Revenue from Solar sales is recorded in accordance with the stage of completion of the installations.

b) Cost of sales

The breakdown of the "cost of sales" balance by activity developed by the companies is as follows:



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

Net purchases	12.31.2022	12.31.2021
Purchases of electricity from the market	365,536,122	250,956,231
Purchases of gas from the market	22,324,247	17,769,973
Purchases of electricity for representation	433,857,337	274,570,820
Costs of financial derivatives	(4,835,141)	(7,931,542)
Purchase of equipment for solar segment sales	19,770,715	5,143,623
Total	836,653,280	540,509,105

All the purchases by the Parent Company and by the subsidiaries Clidom Solar and Katae Energía are carried out in the Spanish market. All the purchases by the subsidiary Clidomer are carried out in the Portuguese market.

c) Employee benefits expense

The breakdown of this heading in the consolidated financial statements at December 31, 2022 and 2021 is as follows:

Employee benefits expense	12.31.2022	12.31.2021
Wages and salaries	22,504,493	10,330,243
Social Security paid by the company	6,851,195	3,047,232
Termination benefits	178,571	-
Total	29,534,259	13,377,475

The Parent Company and the subsidiaries Clidom Solar and Katae Energía have employees. None of the other group companies has employees and they are all managed directly from the parent.

d) External services

The breakdown of this heading in the consolidated financial statements at December 31, 2022 and 2021 is as follows:

External services	12.31.2022	12.31.2021
Leases (*)	1,579,647	505,179
Repairs and maintenance	1,929,887	1,022,482
Independent professional services	16,922,707	10,188,737
Transportation services	-	3,211
Insurance premiums	524,173	411,132
Bank services	970,436	750,896
Publicity, advertising and public relations	25,312,924	11,779,067
Utilities	2,100,301	873,734
Other services	5,330,957	1,775,938
Total	54,671,032	27,310,439

(*) note 7.1 (leases)

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

e) Depreciation and amortization

The breakdown of this heading in the consolidated financial statements at December 31, 2022 and 2021 is as follows:

	12.31.2022	12.31.2021
Property, plant and equipment	479,771	181,071
Intangible assets	5,833,087	3,816,105
Total	6,312,858	3,997,176

f) Other income/(losses)

The breakdown of this heading in the consolidated financial statements at December 31, 2022 and 2021 is as follows:

	12.31.2022	12.31.2021
Non-recurring expenses	474,041	378,680
(Non-recurring income)	(502,072)	(137,419)
Profits/(losses) on disposals	4,521	-
Total	(23,510)	241,261

g) Finance costs

The breakdown of this heading in the consolidated financial statements at December 31, 2022 and 2021 is as follows:

	12.31.2022	12.31.2021
Interest on ordinary loans, overdrafts, confirmints, etc.	1,514,244	361,632
Interest on discounted bills at other financial institutions	334,463	63,163
Other finance costs	283,223	336,034
Total	2,131,930	760,829

h) Segment information

The Group classifies its management activity into the following segments:

- Marketing (Electricity & Gas)
- Representation (Electricity)
- Solar

The Group's financial information by operating segment for the consolidated financial statements at December 31, 2022 and 2021 is as follows:



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

<i>12/31/2022</i>	Marketing (electricity & gas)	Representation (electricity)	Subtotal Energy Management	Solar	TOTAL
Revenue	468,350,449	420,730,548	889,080,997	30,734,899	919,815,896
Changes in inventories of finished goods and work in progress	0	0	0	4,478,606	4,478,606
Work performed and capitalized	4,743,586	0	4,743,586	2,282,133	7,025,719
Cost of sales	-383,025,228	-433,857,337	-816,882,565	-24,249,322	-841,131,887
Employee benefits expense	-13,342,944	0	-13,342,944	-16,191,315	-29,534,259
Other operating income and expenses	-50,554,200	-42,006	-50,596,206	-10,269,983	-60,866,189
Other gains and losses	-186,840	172,473	-14,367	37,877	23,510
Depreciation and amortization	-5,799,559	0	-5,799,559	-513,299	-6,312,858
OPERATING PROFIT/(LOSS)	20,185,264	-12,996,322	7,188,943	-13,690,403	-6,501,461
FINANCE PROFIT/(LOSS)	-2,152,724	-4,871	-2,157,595	11,786	-2,145,809
PROFIT/(LOSS) BEFORE TAX	18,032,540	-13,001,193	5,031,348	-13,678,618	-8,647,270
Segment assets	230,401,743	6,493,357	236,895,100	40,649,809	277,544,909
Segment liabilities	230,401,743	6,493,357	236,895,100	40,649,809	277,544,909

<i>12/31/2021</i>	Marketing (electricity & gas)	Representation (electricity)	Subtotal Energy Management	Solar	TOTAL
Revenue	296,933,225	269,172,741	566,105,966	5,382,295	571,488,262
Changes in inventories of finished goods and work in progress	-	-	-	458,777	458,777
Work performed and capitalized	4,544,120	-	4,544,120	-	4,544,120
Cost of sales	(260,794,662)	(274,570,820)	(535,365,482)	(5,143,623)	(540,509,105)
Employee benefits expense	(12,838,061)	-	(12,838,061)	(539,413)	(13,377,475)
Other operating income and expenses	(25,945,572)	(137,838)	(26,083,410)	(3,829,680)	(29,913,090)
Other gains and losses	(245,823)	(1,004)	(246,827)	5,566	(241,261)
Depreciation and amortization	(3,958,481)	-	(3,958,481)	(38,696)	(3,997,176)
Grants released to income	-	-	-	5,320	5,320
OPERATING PROFIT/(LOSS)	(2,305,523)	(5,536,921)	(7,842,444)	(3,699,454)	(11,541,628)
FINANCE PROFIT/(LOSS)	(664,821)	(26,723)	(691,544)	(69,285)	(760,829)
PROFIT/(LOSS) BEFORE TAX	(2,970,074)	(5,563,644)	(8,533,718)	(3,768,739)	(12,302,457)
Segment assets	262,249,799	12,013,998	274,263,797	9,195,944	283,459,742
Segment liabilities	262,249,799	12,013,998	274,263,797	9,195,944	283,459,742

21. Information on environmental issues

The Group's activity and fixed assets do not fall within the scope of application of the European regulations on CO2 emissions. Thus, the Company has no provisions for environmental risks and expenses since it considers that no risks exist for this matter.

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

Consequently, there have been no environmental investments during the period between December 31, 2021 and December 31, 2022.

22. Related-party transactions

Group transactions with related parties from December 31, 2021 to December 31, 2022, as well as the nature of the relationship, were as follows:

<u>Related party</u>	<u>Nature of the relationship</u>
Carlota Pi Amorós	Shareholder and Director
Ferran Nogué Collgròs	Shareholder and Director
Oriol Vila Grifoll	Shareholder and Director
Carles Leg Clos	Shareholder
Fondo Axon ICT III, FCR de Rég. Simplificado	Shareholder
Axon Capital e Inversiones	Shareholder and Director
Geroa Pentsioak	Shareholder and Director
MDR Inversiones, S.L.	Shareholder
Mediavideo B.V	Shareholder
Abacon Invest GmbH	Shareholder
Pelion Green Future Alpha GMBH	Shareholder

a) Directors and senior executives

The remuneration earned by the members of the Parent Company's Board of Directors from December 31, 2021 to December 31, 2022 amounts to 902.8 thousand euros (631.5 thousand euros from December 31, 2020 and December 31, 2021). Senior executive duties are carried out by the members of the Parent Company's Board of Directors.

At December 31, 2022 and 2021 the Parent Company had no pension plans or life insurance policies for former or current members of the Board of Directors.

At December 31, 2022 and 2021, no advances or loans had been given to the members of senior management or the Board of Directors, nor had any guarantees been given on their behalf.

At December 31, 2022 director liability insurance premiums for damages arising in the performance of director duties have been paid for an amount of 17 thousand euros (16.7 thousand euros at December 31, 2021).

For the purposes of article 229 of the Corporate Enterprises Act, the Parent Company's Directors have expressly stated that there are no situations representing a conflict of interest for the Parent.

b) Other information

The Group's average headcount from December 31, 2021 to December 31, 2022 and at the closing date of the consolidated financial statements for the period ended June 30, 2022) by categories, and the breakdown of headcount by gender, are as follows:



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

Professional Category	Number of employees	Headcount		
		Men	Women	Disabled employees >33%
Management team	61	39	22	3
Middle managers and qualified technicians	446	258	188	2
Operations, sales and administrative staff	245	157	88	5
Total	752	454	298	10

December 31, 2021

Professional Category	Number of employees	Headcount		
		Men	Women	Disabled employees >33%
Management team	20	11	9	-
Middle managers and qualified technicians	191	116	75	2
Operations, sales and administrative staff	143	67	76	2
Total	354	194	160	4

Since May 2018 the Parent Company has complied with the Disability Act (formerly Social Integration for Disabled People Act) whereby at least 2% of the Company's staff has to include people with a disability equal to or greater than 33%, as its average headcount is higher than 50 employees.

The fees accrued for the audit services provided by the auditors of the Group for the year ended December 31, 2022 have amounted to 90 thousand euros (77 thousand euros for the audit of year ended December 31, 2021).

Additionally, the fees accrued for other services provided by the auditors of the Company in the year ended December 31, 2022 amounted to 69.5 thousand euros (45 thousand euros at December 31, 2021).

23. Subsequent events

No relevant subsequent events have occurred from the balance sheet date until the date these financial statements were authorized for issue.



HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Notes to the Consolidated Financial Statements for the year ended December 31, 2022

**AUTHORIZATION FOR ISSUE BY THE PARENT COMPANY'S MANAGEMENT BODY
OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD COMPRISED
BETWEEN DECEMBER 31, 2021 AND DECEMBER 31, 2022**

Pursuant to prevailing legislation, the consolidated financial statements for the period between December 31, 2021 and December 31, 2022 have been authorized for issue by the Directors of HOLALUZ-CLIDOM, S.A.

Additionally, the Directors hereby confirm that they have put their handwritten signature to the aforementioned documents by signing this single-sided page that accompanies the consolidated financial statements, which have been drawn up from page 1 to page 56.

Barcelona, March 29, 2023

Ms. Carlota Pi Amorós
Chair

Mr. Ferran Nogué Collgròs

Mr. Oriol Vila Grifoll

Axon Capital e Inversiones
Represented by
Mr. Alfonso Juan de León Castillejo

Ms. Isabela Pérez Nivelá

Mr. Enrique Tellado Nogueira

Geroa Pensioak
Represented by
Mr. Jordan Sáenz