Audit Report on Consolidated Financial Statements
issued by an Independent Auditor

HOLALUZ-CLIDOM, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2023

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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

To the shareholders of HOLALUZ-CLIDOM, S.A.:

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of HOLALUZ-CLIDOM, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2023, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and consolidated financial position of the Group as at December 31, 2023 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying consolidated financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

Domicilio Social: Calle de Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. C.I.F. B-78970506.
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Material Uncertainty over Going Concern

We draw attention to Note 2c) to the accompanying consolidated financial statements, which indicated that the Group has incurred losses amounting to 26 million euros in the year 2023 and shows negative working capital amounting to 44.3 million euros at December 31, 2023. Additionally, as indicated in said Note, cash projections for the next 12 months include new financing sources for an overall amount of 20 million euros that are currently being negotiated. As indicated in Note 23, should this financing not materialize, the Parent Company's Directors have agreed to file for pre-insolvency proceedings. These circumstances are indicative of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

In addition to the matter described in the *Material Uncertainty over Going Concern* section, we have determined that the matters described below are the key audit matters to be reported herein.

Revenue recognition

Description	As detailed in Note 10 to the accompanying consolidated financial statements, at year end, the Group has recorded in the 'Trade and other receivables' heading of the consolidated balance sheet 18.9 million euros corresponding to sales of energy that has been supplied but not yet billed because the billing period does not coincide with the year end. These unbilled sales are measured based on complex estimates that require Parent Company Management to apply certain criteria, judgments and assumptions. Estimated revenue from electricity supplied not yet billed is determined based on forecast consumption according to historical data and assumptions on consumption patterns. Consequently, we have considered this area a key audit matter.
Our response	Our audit procedures for his area consisted, among others, in: ▶ Understanding the accounting policies and the procedures applied by the Group for recognizing revenue, including the assessment of the design and implementation of relevant controls associated with the revenue recognition process and their operational effectiveness. ▶ Verifying the reasonableness of the volume of unbilled energy by analyzing historical information and other external information obtained.

- Checking that the rates applied in estimated revenue are correct, based on the rates established in the corresponding contracts.
- Performing substantive analytical procedures consisting in a review of power supply revenue, energy purchase costs and monthly margins.
- Reviewing the disclosures provided in the notes to the consolidated financial statements and assessing whether they are in accordance with the applicable regulatory framework for financial information.

Recognition and measurement of derivative financial instruments

Description

The Group uses derivative financial instruments and Power Purchase Agreements (PPAs) to eliminate or reduce the risk of fluctuations in commodity prices (electricity and gas). Derivatives are measured at fair value at the consolidated balance sheet date and the impact on the consolidated statement of recognized income and expense depends on the adoption of certain judgments by Parent Company Management. Additionally, the Group enters into contracts for the purchase and sale of commodities which are recognized and measured based on the assessment of the fulfillment of certain assumptions used for determining if the purpose of the contract is their acquisition for own use or not. The estimate of fair value and the determination of whether the derivative has been appropriately classified require Parent Company Management to make significant judgments and may have a material impact on the consolidated balance sheet and the consolidated income statement. Consequently, we have considered this area a key audit matter.

The accounting treatment standards for derivative instruments and the economic information on the derivatives arranged by the Group are described in notes 4.F) and 17 to the accompanying consolidated financial statements.

Our response

Our audit procedures for this area consisted, among others, in:

- Understanding the accounting policies and procedures that the Company adopts for recognizing and measuring derivative financial instruments.
- Performing confirmation procedures for third parties with which the Company has arranged derivative financial instruments.
- With the support of our experts in derivative products and derivative financial instruments, analyzing, for a representative sample, whether they have been correctly recognized based on the appropriate classification of the derivative instrument and appropriately measured, performing procedures for checking fair value.
- Reviewing the disclosures provided in the notes to the consolidated financial statements and assessing whether they are in accordance with the applicable regulatory framework for financial information.

Capitalization and analysis of the recovery of development costs

Description

The Group records under "Intangible assets - Development costs" in the consolidated balance sheet at December 31, 2023 development projects, for which internal and external resources have been used amounting to 29.5 million euros, which are amortized over their estimated five-year useful lives.

The measurement of this intangible asset has been a key audit matter due to the relevance of the amounts involved and the high degree of judgment that Parent Company Management needs to apply to assess whether the requirements for capitalizing development costs, identifying the existence of impairment indications and, where appropriate, estimating recoverable amount at each year end are met.

The relevant information on these intangible assets is provided in Notes 4.a.2 and 6 to the accompanying consolidated financial statements.

Our response

Our audit procedures for this area consisted, among others, in:

- Understanding the process established by Parent Company Management for recognizing and measuring development costs, specifically capitalization, amortization and identification of potential impairment.
- Checking that the projects are specifically itemized, and its related costs have been clearly established and correctly calculated.
- Obtaining and reviewing the analysis conducted by Management of the existence of evidence of the technical success and economic and commercial profitability of capitalized projects.
- Assessing, in cooperation with our valuation specialists, the methodology used by Management in the impairment tests, verifying its consistency with the regulatory framework for financial information, the reasonableness of the key assumptions used for estimating the recoverable amount (including the ones related to expected future cash flows and discount and long-term growth rates) and the sensitivity of results to reasonably possible changes in the assumptions made.
- Reviewing the disclosures provided in the notes to the consolidated financial statements and assessing whether they are in accordance with the applicable regulatory framework for financial information.

Other information: consolidated management report

Other information refers exclusively to the 2023 consolidated management report, the preparation of which is the responsibility of the Parent Company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

a) Checking only that the consolidated non-financial statement was provided as stipulated by applicable regulations and, if not, disclose this fact.

b) Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2023 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the Parent Company's directors and the audit committee for the consolidated financial statements

The directors of the Parent Company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the consolidated equity, financial position and results of the Group, in accordance with the regulatory framework for financial information applicable to the Group in Spain, identified in Note 2 to the accompanying consolidated financial statements, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Parent Company's audit committee is responsible for overseeing the consolidated financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Parent Company management.

- Conclude on the appropriateness of the Parent Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the audit committee of the Parent Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

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

Report on other legal and regulatory requirements

Additional report to the audit committee of the Parent Company

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee of the Parent Company on May 3, 2024.

Term of engagement

The ordinary general shareholders' meeting held on June 9, 2023 appointed us as Group auditors for 3 years, commencing on December 31, 2023.

Previously, we were appointed as auditors by the shareholders for 3 years and we have been carrying out the audit of the financial statements continuously since September 30, 2019.

ERNST & YOUNG, S.L.
(Signature on the original in Spanish)

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Alfredo Eguiagaray

May 3, 2024

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Consolidated Financial Statements and Management Report
for the year ended December 31, 2023

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

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HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated balance sheet and consolidated income statement at December 31, 2023 and December 31, 2022

ASSETS	*Notes*	*12.31.2023*	*12.31.2022*
NON-CURRENT ASSETS			
Intangible assets-	6	**34,741,097**	**31,692,643**
Patents		3,916	4,111
Software		232,771	305,373
Development		29,497,427	24,987,198
Other intangible assets		506,983	389,392
Intangible assets in progress		4,500,000	6,006,569
Property, plant, and equipment-	7	**1,646,877**	**2,102,349**
Land and buildings		474,147	549,854
Technical installations and other PP&E items		1,172,730	1,552,495
Financial investments-	8	**8,568,098**	**12,967,908**
Loans to third parties		6,666,359	7,409,411
Derivatives	16	1,101,325	4,742,047
Other financial assets		800,414	816,450
Deferred tax assets	18	**24,995,176**	**19,478,135**
Accruals	12	**8,971,555**	**18,376,562**
Total non-current assets		**78,922,803**	**84,617,596**
CURRENT ASSETS			
Inventories-	10	**4,282,889**	**13,991,979**
Commercial inventories		4,144,512	12,809,909
Prepayments to suppliers		138,377	1,182,070
Trade and other receivables-	9	**52,707,359**	**121,756,594**
Trade receivables for sales and services	17	32,128,333	57,705,724
Other receivables		8,616,602	45,262,640
Receivable from employees		56,737	63,830
Current income tax assets	18	8,191	40,316
Other receivables from Public Administrations	18	11,897,496	18,684,084
Financial investments-		**19,388,885**	**33,210,413**
Loans to companies		4,522	4,522
Derivatives	9, 16	17,097,767	30,388,848
Other financial assets	8	2,286,596	2,817,043
Accruals	8	**12,459,970**	**13,628,822**
Cash and cash equivalents-	13	**7,885,702**	**10,339,505**
Cash		7,885,702	10,339,505
Total current assets		**96,724,805**	**192,927,313**
TOTAL ASSETS		**175,647,608**	**277,544,909**

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated balance sheet and consolidated income statement at December 31, 2023 and December 31, 2022

EQUITY AND LIABILITIES	*Notes*	*12.31.2023*	*12.31.2022*
EQUITY			
CAPITAL AND RESERVES-	13	**16,577,708**	**42,819,774**
Share capital-		**656,662**	**656,662**
Issued capital		656,662	656,662
Share premium		**61,772,144**	**61,772,144**
Reserves		**(19,490,698)**	**(14,165,475)**
Legal and statutory reserves		131,332	123,477
Other reserves		(19,622,030)	(14,288,952)
Treasury shares		**(193,342)**	**(300,217)**
Profit/(loss) for the year		**(26,167,058)**	**(5,121,521)**
VALUATION ADJUSTMENTS		**(4,503,108)**	**(23,169,700)**
Hedging transactions	16	(4,503,108)	(23,169,700)
Total Equity		**12,074,600**	**19,671,894**
NON-CURRENT LIABILITIES			
Payables-		**22,594,703**	**36,049,393**
Bank borrowings	14	15,958,684	23,336,122
Finance leases	14	31,016	56,317
Derivatives	16	6,603,673	12,655,624
Other financial liabilities	14	1,330	1,330
Total non-current liabilities		**22,594,703**	**36,049,393**
CURRENT LIABILITIES			
Payables-		**63,850,049**	**77,568,647**
Bank borrowings	14	36,405,999	40,741,768
Finance leases	14	22,184	28,456
Derivatives	16	6,544,376	28,379,871
Other financial liabilities	14	20,877,490	8,418,552
Trade and other payables-		**77,119,206**	**143,985,376**
Suppliers	15	60,229,032	72,226,017
Other payables	15	7,567,683	58,480,678
Employee benefits payable	15	465,238	1,114,321
Current income tax liabilities		1,943	415,816
Other payables to Public Administrations	15, 18	1,637,038	1,652,750
Customer advances	15	7,218,272	10,095,794
Accruals		**9,050**	**269,600**
Total current liabilities		**140,978,305**	**221,823,623**
TOTAL EQUITY AND LIABILITIES		**175,647,608**	**277,544,909**

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated balance sheet and consolidated income statement at December 31, 2023 and December 31, 2022

	Notes	12.31.2023	12.31.2022
CONTINUING OPERATIONS			
Revenue-	**19.a**	**614,562,520**	**919,815,896**
Sales		587,309,614	888,594,438
Rendering of services		27,252,906	31,221,458
Changes in inventory of finished goods and work in progress		**(2,128,729)**	**4,478,606**
Work performed by the entity and capitalized	**5.1**	**8,805,807**	**7,025,719**
Cost of sales-	**19.b**	**(549,647,450)**	**(841,131,887)**
Consumption of goods		(546,633,888)	(836,122,291)
Work performed by third parties		(3,013,562)	(5,009,596)
Other operating income-		**2,508,229**	**3,465,567**
Ancillary income		2,496,554	3,465,567
Grants related to income		11,675	-
Employee benefits expense-	**19.c**	**(39,332,961)**	**(29,534,259)**
Wages, salaries et al.		(30,205,270)	(22,683,064)
Social security costs et al.		(9,127,691)	(6,851,195)
Other operating expenses-		**(57,572,861)**	**(64,331,756)**
External services	**19.d**	(46,912,224)	(54,671,032)
Taxes		(99,093)	(91,461)
Losses on, impairment of and change in trade provisions	**9**	(10,561,544)	(9,569,262)
Depreciation and amortization	**5,6,19.e**	**(9,756,521)**	**(6,312,858)**
Other gains and losses	**19.f**	**(1,022,711)**	**23,510**
Non-recurring income and expenses		(1,022,711)	23,510
OPERATING PROFIT/(LOSS)		**(33,584,677)**	**(6,512,369)**
Finance income-		**330,876**	**8,444**
From marketable securities and other financial instruments		330,876	8,444
Finance costs-		**(4,390,656)**	**(2,131,930)**
Third-party borrowings	**19.g**	(4,390,656)	(2,131,930)
Exchange gains (losses)		**26,813**	**(22,323)**
FINANCE COST		**(4,032,967)**	**(2,145,809)**
PROFIT/(LOSS) BEFORE TAX		**(37,617,644)**	**(8,647,270)**
Income tax	**18**	11,450,586	3,525,749
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**(26,167,058)**	**(5,121,521)**
PROFIT/(LOSS) FOR THE YEAR		**(26,167,058)**	**(5,121,521)**

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated statement of changes in equity at December 31, 2023

	12.31.2023	12.31.2022
PROFIT/(LOSS) FOR THE YEAR	**(26,167,058)**	**(5,121,521)**
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY		
From cash flow hedges	**49,109,320**	**8,787,565**
Tax effect	**(12,277,330)**	**(2,196,891)**
TOTAL INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY	**36,831,990**	**(6,590,674)**
AMOUNTS TRANSFERRED TO INCOME STATEMENT		
From cash flow hedges	**(24,220,531)**	**32,310,773**
Tax effect	**6,055,133**	**(8,077,693)**
TOTAL AMOUNTS TRANSFERRED TO INCOME STATEMENT	**(18,165,398)**	**24,233,080**
TOTAL RECOGNIZED INCOME AND EXPENSES	**(7,500,466)**	**12,520,886**

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated statement of changes in equity at December 31, 2023

	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 12.31.2021	**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**
Total recognized income and expenses	-	-	-	-	(26,167,058)	18,666,592	**(7,500,466)**
Transactions with shareholders and owners	-	-	-	-	-	-	**-**
Capital increase	-	-	-	-	-	-	-
Appropriation of prior-year profit/(loss)	-	-	(5,121,521)	-	5,121,521	-	**-**
Other changes in equity	-	-	(203,702)	106,875	-	-	**(96,828)**
Balance at 12.31.2023	**656,662**	**61,772,144**	**(19,490,698)**	**(193,342)**	**(26,167,058)**	**(4,503,108)**	**12,074,600**

	Notes	12.31.2023	12.31.2022
Profit/(loss) before tax		**(37,617,644)**	**(8,647,270)**
Adjustments to profit		**59,039,236**	**72,482,076**
Depreciation and amortization (+)	6 & 7	9,756,521	6,312,858
Impairment losses (+/-)		15,188,665	9,569,262
Changes in provisions (+/-)		(500,000)	-
Finance income (-)		-	(8,444)
Finance costs (+)		4,032,967	2,131,930
Other income and expenses (-/+)		30,561,083	54,476,470
Change in working capital		**(2,043,807)**	**(36,740,875)**
Inventories (+/-)		4,038,275	(11,641,139)
Trade and other receivables (+/-)		12,274,263	(48,277,081)
Other current assets (+/-)		3,990,832	3,093,160
Trade and other payables (+/-)		(23,029,593)	20,496,343
Other current liabilities (+/-)		682,416	(402,158)
Other non-current assets and liabilities (+/-)		-	-
Other cash flows from/(used in) operating activities		**(4,488,751)**	**(2,855,717)**
Interest paid (-)		(4,032,967)	(2,131,930)
Interest received (+)		-	8,444
Income tax receipts (payments) (+/-)		(702,465)	(732,231)
Cash flows from/(used in) operating activities (1+2+3+4)		**14,889,034**	**24,238,214**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Payments on investments (-)		**(20,778,322)**	**(39,548,452)**
Intangible assets	6	(3,535,931)	(22,041,625)
Property, plant and equipment	7	-	(1,740,191)
Other financial assets		-	-
Business unit		-	-
Other assets		(17,242,391)	-
Proceeds from disposals (+)		**3,234,169**	**-**
Other financial assets		3,234,169	-
Cash flows from/(used in) investing activities (6+7)		**(17,544,153)**	**(39,548,452)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		**-**	**-**
Issuance of equity instruments (+)		-	-
Acquisition of own equity instruments (-)		-	-
Proceeds from and payments on financial liabilities		**201,038**	**15,754,714**
Issues		169,900,000	22,822,196
Bank borrowings (+)		*2,000,000*	*22,822,196*
Other payables		*167,900,000*	-
Repayment and redemption of:		(169,698,962)	(7,067,482)
Bank borrowings (-)		*(12,504,119)*	*(4,733,612)*
Other payables (-)		*(157,194,843)*	*(2,333,870)*
Cash flows from/(used in) financing activities (9+10+11)		**201,038**	**15,754,714**
Net foreign exchange difference		**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**(2,454,081)**	**444,476**
Cash and cash equivalents at January 1	**12**	**10,339,505**	**9,895,029**
Cash and cash equivalents at December 31	**12**	**7,885,424**	**10,339,505**

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 its subsidiaries.
b) The purchase and sale, even at an international level, production and commercialization 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 commercialization 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 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, 2023, the Parent Company holds a direct ownership interest in the following companies:

- Clidomer Unipessoal, LDA (wholly owned at December 31, 2023) is a sole shareholder company that was incorporated on December 22, 2017 and is domiciled in Lisbon, at Av. Jose Malhoa 16 B. Its main activity is the manufacture, purchase, sale and commercialization of energy and goods inherent to the electricity market.

- Clidom Italia, SRL (wholly owned at December 31, 2023) is a limited liability company that was incorporated on May 8, 2018 and is domiciled in Milan at via Gabba Fratelli, 4. Its corporate purpose consists in the sale of electricity, gas and other energy products. At the date the consolidated financial statements at December 31, 2023 were prepared, the company is dormant.

- Clidom France, SARL (wholly owned at December 31, 2023) is a limited liability company that was incorporated on September 10, 2018 and is domiciled in Paris at Avenue de l'Opera 75001. Its corporate purpose consists in the sale of gas, electricity and other energy products in France. At the date the consolidated financial statements at December 31, 2023 were prepared, the company is dormant.

- Holaluz Generación, S.L. (formerly, Orwell Power, SL, wholly owned at December 31, 2023) 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 commercialization 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, 2023) 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 commercialization 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, 2023) 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 consolidated financial statements at December 31, 2023 were prepared, the company is dormant.

- Clidom Energía Ibérica, SL (wholly owned at December 31, 2023 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 commercialization and distribution of electricity from renewable sources.

At December 31 2023, 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 financing 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 abovementioned ones or any transactions or activities that are 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, 2023) 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, 2023) 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. The company was acquired by Clidom Katae Energía SL in January 2022.

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 at December 31, 2023 have been prepared in accordance with the regulatory framework for financial information applicable to the Company and established by Spanish GAAP, which were passed 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 enacting regulations, as well as prevailing mercantile law and,
should no disagreement with the former exist, by Royal Decree 437/1998 of March 20, approving the electricity sector adaptation standards.

These consolidated financial statements give a true and fair view of the Group's equity and financial position at December 31, 2023, as well as the results of its operations, changes in equity and cash flows for the period comprised between January 1 and December 31, 2023 and have been prepared from the Company's accounting records.

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 arisen have 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, 2023. Reciprocal balances in the balances sheet and the income statement, as well as significant unrealized margins, have been eliminated.

c) Going concern principle

Given the current situation of the Group, there are some circumstances that may cast doubt as to its ability to continue as a going concern. However, there are some mitigating factors.

At December 31, 2023, the consolidated balance sheet shows negative working capital amounting to 44.3 million euros (negative working capital of 28.9 million euros at December 31, 2022). Additionally, the Group has incurred losses amounting to 26 million euros (2022: losses of 5 million euros).

However, the Group has undrawn credit and financing facilities amounting to 6.0 million euros at 2023 year end, maturing in 2025, plus the materialization of the short-term portion of the PPAs (purchase of electricity at a fixed price that is not recorded in the balance sheet pursuant to prevailing regulations), which at year end are valued at 5.2 million euros.

Furthermore, the Group Management has prepared cash flow projections for the next 12 months, which anticipate the granting of several loans by different institutions and a potential capital increase with private investors, for an overall amount of 20 million euros, as well as confirmation of other financing alternatives, that are currently being negotiated.

Consequently, the Board of Directors of the Parent Company has prepared the consolidated financial statements under the going concern principle.

d) Comparison of information

In accordance with prevailing mercantile legislation, for comparative purposes, the figures for the year ended December 31, 2022 have been included for each item of the consolidated balance sheet and the consolidated statement of changes in equity. 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.

e) Accounting principles

The Company's consolidated financial statements at December 31, 2023 were prepared in accordance with the generally accepted accounting principles and measurement standards described in section 3 to the explanatory notes. All mandatory accounting principles have been applied.

f) 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:

- 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 (Note 4l).
- 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 (Note 4n).

Although these estimates were made on the basis of the best information available at December 31, 2023, events may occur in the future that require prospective adjustments (upwards or downwards) to these estimates in subsequent years.

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

Certain items in the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement, and the consolidated 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.

h) 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 be applied the "voluntary price for the small consumer" tariff. This tariff is linked to the hourly price set in the daily market.

• 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 commercialization 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 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.

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.

During the state of emergency comprised between March 14 and June 21, 2020 exceptional social and economic measures were implemented to tackle the social and economic crisis generated by the COVID-19 pandemic that affected the electricity and gas commercialization activity. The main measures established in Royal Decree Law 11/2020 were as follows:

• The coverage of the social tariff was extended to the following consumers: (i) professionals who were entitled to this benefit as a result of total cessation of business or a 75% decrease in turnover in the month prior to applying for the social tariff; (ii) and who also showed joint household income thresholds of 2.5 (childless), 3 (one child) or 3.5 (two or more children) times the IPREM (public indicator of income of multiple effects) at 14 pays.

• Bans on electricity or gas shutoffs at the consumers' usual homes were imposed until April 11, a period that was extended to September 20, 2020 through Royal Decree Law 26/2020.

• Flexible electricity and gas supply contracts for freelancers and companies were offered, with the possibility of fully suspending or amending the contract to change to another option with the same marketer (change in power contracted, daily volume contracted, inclusion into a level of tariffs corresponding to lower consumption...) with no penalty to end consumers.

• Finally, the payment of electricity and gas invoices for invoicing periods comprising days included in the state of emergency was suspended for freelancers and SMEs. This measure freed marketers from the duty to pay the access tariff in these invoices until the end customer paid all invoices, and from settling VAT, Special Tax on Electricity and Tax on Hydrocarbons until six months had passed since the end of the state of emergency.

The lack of a caption for the commercialization of electricity was eradicated by passing Spain's 2021 General State Budget Act 11/2020, whereby RDL 1175/1990 was modified and a caption for the commercialization of electricity 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 December 31, 2022 through Royal Decree Law 6/2022. This period was extended to December 31, 2022 through Royal Decree Law 11/2022. Finally, Royal Decree Law 8/2023, of December 27, adopting measures for dealing with the economic and social impacts of the conflicts in Ukraine and the Middle East, and for mitigating the effects of the drought, establishes the following measures:

- Extension of the VAT rate reduction on energy products, setting a 10% VAT from January 1 to December 31, 2024 for EU deliveries, imports and acquisitions of electricity made in favor of: i) a) holders of electricity supply contracts with contracted power lower than or equal to 10kW regardless of the level of voltage and type of contract, when 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; b) holders of electricity supply contracts that are receivers of the electricity social tariff and are recognized as acutely vulnerable consumers and acutely vulnerable consumers at risk of social exclusion.
- From January 1 to March 31, 2024, a 2.5% tax rate has been established for the excise tax on electricity, which will increase to 3.8% from April 1 to June 30, 2024.
- The tax on the value of electricity production (IVPEE by its acronym in Spanish) has been reintroduced during 2024.
- The discount percentages on the electricity social tariff set forth in Royal Decree-Law 18/2022 on anticrisis measures have been extended to June 30, 2024. The temporary application of the electricity social tariff for low-income households that are especially affected by the energy crisis has also been extended to June 30, 2024.

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 comprised 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 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 December 31, 2022 through Royal Decree Law 6/2022. This period was extended to December 31, 2022 through Royal Decree Law 11/2022. The aforementioned information shall be considered, as in accordance with Royal Decree-Law 8/2023, of December 27, a 2.5% tax rate has been established for the excise tax on electricity, which will increase to 3.8% until June 30, 2024.

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-financing 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 commercialization 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 electrointensive 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 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.

Also, 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.

Lastly, Royal Decree Law 20/2022, of December 27, on measures for addressing the economic and social consequences of the war in Ukraine and for supporting reconstruction in the island of La Palma and other situations of vulnerability, was passed, extending certain measures previously adopted in the field of energy. Among these measures there is the extension until December 31, 2023 of the reduction in the Value Added Tax (reduced rate at 5%) of deliveries of electricity, natural gas and briquettes or pellets from biomass and tinder used as fuel in heating systems. In the case of electricity, the reduction is limited to EU deliveries, imports and acquisitions of electricity made in favor of: a) holders of electricity supply contracts with contracted power lower than or equal to 10kW regardless of the level of voltage and type of contract, when 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; b) holders of electricity supply contracts that are receivers of the electricity social tariff and are recognized as acutely vulnerable consumers and acutely vulnerable consumers at risk of social exclusion; the extension until December 31, 2023 of the reduction in the excise tax on electricity, applying a tax rate of 0.5%; and the extension until December 31, 2023 of taxable income at 0 euros of the Tax on the value of electricity production. All these measures will no longer be in force as a result of the publication of Royal Decree Law 8/2023, of December 27, adopting measures for dealing with the economic and social impacts of the conflicts in Ukraine and the Middle East, and for mitigating the effects of the drought.

i) 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, 2023	**Euros**
Profit and Loss: Loss	(5,449,207)
Total	**(5,449,207)**
Appropriation to:	
Losses from prior years	(5,449,207)
Total	**(5,449,207)**

The proposed appropriation of the Parent Company's profit/(loss) for the year 2022 approved by the shareholders in general meeting was 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

Limitations on the distribution of dividends

Once the legal and company bylaw requirements have been met, dividends may only be distributed against profit for the year or freely distributable reserves, if the value of equity is not lower than share capital or would not become lower than share capital as a result of distributing dividends. Accordingly, profit recognized directly in equity cannot be directly or indirectly distributed.

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.

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	
	12.31.2023	12.31.2022
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 of 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.

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 Group 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

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 Company 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, it 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.

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, it 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 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 fulfilment 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 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 fulfilment 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.

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.

In the case of assets measured at fair value through equity, accumulated impairment losses are recognized in equity as a decrease in fair value, provided that there is objective evidence of impairment, are recognized in the income statement.

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 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

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 investee 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 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 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 fulfilment 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:
    - 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).
    - It is an obligation that short sellers have to deliver the financial assets that have been lent to them ("short selling").
    - 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.
    - 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:
    - An inconsistency or "accounting mismatch" is eliminated or significantly reduced against other instruments at fair value through profit or loss; or
    - 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 cancelling 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 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 date these consolidated financial statements at December 31, 2023 were prepared, the Group's hedging strategy includes PPAs (Power Purchase Agreements) with producers of renewable plants at a fixed price for a period of 4.5 years (until 2032) that meet the required conditions.

g) Income tax

Since 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) have filed 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 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, 2023 amount to 25.0 million euros (19.5 million euros at December 31, 2022), of which 1.5 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 23.5 million euros at December 31, 2023.

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

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

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, 2023 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 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.

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.

Income from installations is recorded when contracts with customers are signed and invoices corresponding to these installations are issued.

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.

These acquisition costs correspond to the incremental costs that the Company would not have incurred had the contract not been concluded.

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.

As from January 1, 2023, these costs are accrued over a period of 3.4 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 4 years.

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.

p) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer or cancel a liability in an orderly transaction between market participants at the measurement date. Fair value shall be determined without deducting any transaction costs that may be incurred as a result of derecognition or disposal. The amount a company would receive or pay in a forced transaction, distress sale or involuntary liquidation shall not be considered as fair value.

Fair value is estimated for a certain date and, since market conditions may change over time, fair value may not be appropriate for another date. Additionally, when estimating fair value, the company considers the conditions of the asset or liability that market participants would consider when establishing the price of the asset or liability at the measurement date.

Fair value shall generally be calculated by reference to a reliable market value. Where there is an active market for an item, fair value shall be calculated using models and valuation techniques. For example, by reference to recent arm's length transactions between knowledgeable, willing parties where available, reference to the fair value of other assets that are substantially the same, or through the use of discounted estimated future cash flow methods or models generally used to measure options.

Valuation techniques are consistent with accepted pricing methodologies used in the market. Where possible, the valuation technique used should be that proven to obtain the most realistic price estimates. They must also take into account the use of observable market data and other factors that its participants would consider when setting prices, and limit as far as possible the use of subjective considerations and non-observable or non-verifiable data.

The Company shall periodically evaluate the effectiveness of the valuation techniques used, by reference to observable prices of recent transactions involving the same asset as that being measured, or using prices based on any available and applicable observable market data or indices.

Thus, a hierarchy in the inputs used in determining fair value is deducted and a fair value hierarchy is established in order to classify estimates into three levels:

- Level 1: estimates that use unadjusted quoted prices in active markets for identical assets or liabilities that the company can access at the measurement date.

- Level 2: estimates that use quoted prices in active markets for similar instruments or other valuation methods for which the relevant inputs are based on directly or indirectly observable market data.

- Level 3: estimates in which significant inputs are not based on observable market data.

A fair value estimate is classified into the same level of the fair value hierarchy as the lowest level input that is significant to the results of the valuation. To that effect, a significant input is an input that has decisive influence on the results of the estimate. When assessing the significance of a specific input to the estimate, specific conditions of the asset or liability being measured are considered.

q) Treasury shares

Treasury shares are recognized in equity as a decrease in "Capital and reserves" when acquired. No loss or gain is shown in the income statement on sale or cancelation. Income and expenses incurred in connection with transactions with treasury shares are recognized directly in equity as a decrease in reserves.

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.

No companies have been acquired during the year ended December 31, 2023. The breakdown of the amounts related to acquisitions in 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**

6. Intangible assets

At December 31, 2023 and December 31, 2022 the movements in Intangible Assets are as follows:

Cost	Balance at December31, 2022	Investments and Charge for the year	Transfers and other	Disposals	Balance at December 31, 2023
Industrial property	18,951	-	-	-	18,951
Development	40,237,659	11,523,657	1,506,569	-	53,267,885
Software	1,528,732	4,723	-	-	1,533,455
Other intangible assets	397,479	279,799	-	-	677,278
Intangible assets in progress	6,006,569	-	(1,506,569)	-	4,500,000
Total	**48,189,390**	**11,808,179**	**-**	**-**	**59,997,569**
Accumulated amortization					
Industrial property	(14,840)	(195)	-	-	(15,035)
Development	(15,250,461)	(8,519,998)	-	-	(23,770,459)
Software	(1,223,359)	(80,304)	-	-	(1,303,663)
Other intangible assets	(8,087)	(159,228)	-	-	(167,315)
Total	**(16,496,747)**	**(8,759,725)**	**-**	**-**	**(25,256,472)**
NET TOTAL	**31,692,643**	**3,048,454**	**-**	**-**	**34,741,097**

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	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	(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	**15,484,115**	**16,208,538**	**-**	**-**	**31,692,643**

6.1. Significant movements

Additions in intangible assets recorded during the period between January 1 and December 31, 2023 include the capitalization of work carried out by Holaluz Clidom S.A. and Clidom Solar S.L. amounting to 8,805,807 euros (7,025,719 euros at December 31, 2022) and are part of the new technological innovation project (2-year period 2023-24) related to the vertical integration of all the solar business processes, including VPP (*virtual power plants*) projects and *flexible assets* (*EV chargers* and batteries) and the consolidation of the billing by charge project (Fair Tariff) launched in 2022. This project also includes developments by external technology consulting firms amounting to 4,224,419 euros at December 31, 2023 (7,757,597 euros at December 31, 2022).

Based on a unique strategy of two businesses, installation of solar panels and energy management, Holaluz seeks to create the largest green energy community in Europe. The objective is to build a green ecosystem in houses transforming rooftop square meters into locally-sourced 100% renewable electricity producers and optimizing efficiency in household facilities through flexible assets such as electric vehicles chargers and batteries. The generation model proposed by Holaluz maximizes the potential of each rooftop, making it possible through the development of own technology and the use of data to distribute the energy exceeding the self-consumption of the owner of the solar panels to other users, thus democratizing the access to green locally-sourced energy.

The aim is to contribute to dismantling fossil fuel power plants and building the power grid of the future:

- Electricity is produced and consumed in houses through solar panels and batteries, which guarantees savings in market prices and fixed costs of the system (transport, distribution, etc.).
- Excess is transferred to the local grid so that other customers with no rooftop can benefit from green, cheap locally-sourced electricity with no transport or distribution costs.
- Flexible assets such as batteries and electric vehicle chargers allow customers to use green locally-sourced energy during the whole day at low fixed costs.

A holistic vision of energy management that consolidates the company's position as a key asset in the solar segment.

Intangible assets in progress include 4.5 million euros 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 million euros at December 31, 2022). During the year 2023, 1.5 million euros corresponding to the first phase of the project have been transferred to Development.

6.2. Intangible assets allocated to CGUs and impairment test

Development assets have been allocated to the following cash-generating units for impairment test purposes:

- Energy Management Cash-Generating Unit.
- Solar Cash-Generating Unit.

At December 31, Development assets allocated to cash-generating units are as follows:

(Thousands of euros)	Energy Management	Solar	Total
2023			
Development			
Cost	43,874,847	9,393,039	53,267,886
Accumulated amortization	(21,953,260)	(1,817,199)	(23,770,459)
Impairment losses	-	-	-
	21,921,587	7,575,840	29,497,427
2022			
Development			
Cost	37,282,929	2,954,731	40,237,660
Accumulated amortization	(15,015,928)	(234,534)	(15,250,462)
Impairment losses	-	-	-
	22,267,001	2,720,197	24,987,198

The discount rates applied to cash flow projections to determine values in use are 8.2% for Energy Management and 10% for Solar, and cash flows beyond 5 years are extrapolated using growth rates of 2% for Energy Management and 1% for Solar.

Projected EBITDA is based on current gross margin, future impact of physical PPAs arranged by the Group, expected growth in the solar panel installation market and structure costs. EBITDA margin increases over the budget period for anticipated efficiency improvements.

The discount rates used are the interest rates for 10-year public debt instruments, which are adjusted to reflect the specific risk to each CGU. Growth rates are based on long-term rates expected by the industry.

At December 31, 2023, the recoverable amount of the intangible assets of the Energy Management CGU exceeded their carrying amount by 8.7 million euros. The budgeted weighted average EBITDA margin is 2%. Should the CGU be unable to maintain a minimum average EBITDA margin of 1.9%, the CGU's value in use would be reduced to less than its carrying amount. An increase of 0.6 percentage points in this discount rate or a decrease of 0.7 percentage points in the growth rate would give a value in use equal to the carrying amount.

At December 31, 2023, the recoverable amount of the intangible assets of the Solar CGU exceeded their carrying amount by 121.7 million euros. The budgeted weighted average EBITDA margin is 9.1%. Should the CGU be unable to maintain a minimum average EBITDA margin of 1.4%, the CGU's value in use would be reduced to less than its carrying amount. Value in use would always exceed the carrying amount, even if the discount rate increased substantially and growth rate were very low.

6.3 Other information

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

Account	*Balance at December 31, 2023*	*Balance at December 31, 2022*
Development and Software	8,208,901	4,486,908
Industrial property	14,000	14,000
Total	**8,222,901**	**4,500,908**

No intangible assets are located outside of Spain.

7. Property, plant and equipment

At December 31, 2023 and December 31, 2022 the movements in Property, plant and equipment are as follows:

Cost	Balance at December 31, 2022	Investments and Charge for the year	Business combinations	Disposals	Balance at December 31, 2023
Data processing equipment	1,220,238	73,238	-	-	1,293,476
Installations	902,814	459,317	-	-	1,362,131
Furniture and office equipment	834,469	8,768	-	-	843,237
Transport equipment	247,761	-	-	-	247,761
Total	**3,205,282**	**541,323**	**-**	**-**	**3,746,605**
Accumulated depreciation					
Data processing equipment	(556,828)	(232,167)	-	-	(788,995)
Installations	(272,686)	(537,267)	-	-	(809,953)
Furniture and office equipment	(188,348)	(227,361)	-	-	(415,709)
Transport equipment	(85,071)	-	-	-	(85,071)
Total	**(1,102,933)**	**(996,795)**	**-**	**-**	**(2,099,728)**
NET TOTAL	**2,102,349**	**(455,472)**	**-**	**-**	**1,646,877**

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**

7.1. Significant movements

For the Parent Company, additions in new data processing equipment have been acquired for the renewal of laptops and other computer equipment. Additions in installations correspond to personal protective equipment for installers of Clidom Solar, S.L. and the refurbishment of the warehouses in Barcelona and Madrid (Móstoles).

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 December 31, 2023*	*Balance at December 31,2022*
Data processing equipment	374,026	304,082
Furniture	7,012	2,757
Total	**381,038**	**306,839**

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, 2023, these potential risks are fully covered by the insurance.

No property, plant and equipment items have been acquired between the group companies at December 31, 2023 or December 31, 2022. No property, plant and equipment items are located outside of Spain.

8. Leases and similar arrangements

8.1. Operating leases

The breakdown of lease expenses for the period until December 2023 is as follows:

Description	Balance at December 31, 2023	Balance at December 31, 2022
Lease expenses	2,302,655	1,579,547
Total	**2,302,655**	**1,579,547**

The increase in operating lease payments recognized as expenses corresponds mainly to the solar business. During the first months of 2023 this heading included operating lease agreements on cars and vans corresponding to the Solar business. Additionally, the parent company holds an operating lease on the offices of the company's headquarters.

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	06.30.2023	12.31.2022
Within one year	877,681	906,380
Between one and five years	809,498	1,606,730
Total	**1,687,179**	**2,513,110**

The Parent Company entered into a lease arrangement on its head offices on September 1, 2017 that expires in December 2024. On November 19, 2021, a new rental agreement was signed, maturing in December 2026, for extending said offices.

9. Current and non-current financial investments and current accruals

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	12.31.2023	12.31.2022
Loans to third parties	6,666,359	7,409,411
Derivatives	1,101,325	4,742,047
Other financial assets	800,414	816,450
Total	**8,568,098**	**12,967,908**

Loans to third parties amounting to 6.7 million euros correspond to loans for solar panel installations that the customers will repay in fixed monthly instalments included in their electricity bill over the next 15 years (7.4 million euros at December 31, 2022). 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 include the deposit given as a lease guarantee on the offices rental maturing in 2026 (141 thousand euros at December 31, 2023 and 149 thousand euros at December 31, 2022), 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 operating leases on vehicles (43 thousand euros), 488 thousand euros deposited at the OMIP market by the subsidiary Clidomer (488 thousand euros at December 31, 2022), among others.

Additionally, there are non-current derivatives amounting to 1.1 million euros (4.7 million at December 31, 2022). The "Derivatives" balance at December 31, 2023 and December 31, 2022 is commented on in Note 17.

b) Current financial investment categories

Current financial investments are classified based on the following categories:

Financial assets at amortized cost **Current**	**12.31.2023**	**12.31.2022**
Other financial assets	2,286,596	2,817,043
Total	**2,286,596**	**2,817,043**

At December 31, 2023 and December 31, 2022 "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.

The "Derivatives" balance at December 31, 2023 and December 31, 2022 is commented on in Note 17.

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	12.31.2023	12.31.2022
Trade receivables for sales and services	32,128,333	57,705,724
Other receivables	8,616,602	45,262,640
Receivables from employees	56,737	63,830
Current income tax assets	8,191	40,316
Other receivables from Public Administrations	11,897,496	18,684,084
TOTAL	**52,707,359**	**121,756,594**

At December 31, 2023, the balances related to electricity sales of the Parent Company pending invoice included in "Trade receivables for sales and services" amount to 18.9 million euros (34.0 million euros at December 31, 2022) 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 2024). The Parent Company's operations for billing the electricity commercialization activity consist in issuing invoices for the amount of electricity 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 1.1 million euros (5.1 million euros at December 31, 2022). It also includes 0.6 million euros corresponding to the subsidiary Clidomer Portugal for the sale of electricity (0.8 million euros at December 31, 2022).

Other receivables basically correspond to balances pending receipt from OMIE (3.2 million euros) and CNE (2.8 million euros) and outstanding settlements of derivatives (1 million euros).

The balance of receivables from public administrations amounting to 11,897 thousand euros is commented on in Note 19.

b) Impairment losses arising from credit risk

The balance of "Trade receivables for sales and services" 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	12.31.2023	12.31.2022
Opening impairment losses	(15,960,070)	(6,158,334)
Impairment losses	(10,371,272)	(9,801,736)
Total	**(26,331,342)**	**(15,960,070)**

11. Inventories

The breakdown of inventories at December 2023 and 2022 is as follows:

	12.31.2023	*12.31.2022*
Commercial inventories	4,144,513	12,809,909
Prepayments to suppliers	138,377	1,182,070
Total	**4,282,890**	**13,991,979**

The balance of commercial inventories at December 31, 2023 corresponds to gas inventories amounting to 1.3 million euros (7.8 million euros at December 31, 2022) and to the solar business amounting to 4.6 million euros (5 million euros at December 31, 2022). However, as the gas business was discontinued in the last quarter of 2022, the Parent Company must keep a minimum level of inventory (a calculation made based on the gas customer portfolio for the past 12 months) until April 2023, when it will be able to sell this mandatory minimum stock. During the first half of 2023 part of the gas stock was sold as there is no customer portfolio for its consumption. The rest of inventories correspond to the Solar business located mainly in warehouses in Barcelona and Madrid (2.8 million euros).

The Group arranges 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.

At December 31, 2023 and 2022 there were no firm commitments to purchase inventories.

12. Accruals

Current and non-current accruals include customer acquisition costs. The movement in this heading during the year was the following:

	Balance at December 31, 2022	Additions	Accruals income statement	Transfers	Balance at December 31, 2023
Non-current					
Customer acquisition costs	18,376,562	3,902,177	-	(13,307,184)	8,971,555
Total	**18,376,562**	**3,902,177**	**-**	**(13,307,184)**	**8,971,555**
Current					
Customer acquisition costs	10,919,209	1,614,695	(16,758,628)	13,307,184	9,082,460
Total	**10,919,209**	**1,614,695**	**(16,758,628)**	**13,307,184**	**9,082,460**
TOTAL	**29,295,771**	**5,516,872**	**(16,758,628)**	**-**	**18,054,015**

Current 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 1,452 thousand euros (1,656 thousand euros at December 31, 2022) for annual customer contracts.
- Insurance premiums amounting to 286 thousand euros (206 thousand euros at December 31, 2022).
- Other general expenses amounting to 908 thousand euros (641 thousand euros at December 31, 2022).
- Additionally, 113 thousand euros are included in the business solar subsidiaries (207 thousand euros at December 31, 2022) corresponding to the portion of costs for uncompleted photovoltaic panel installation projects.

13. Cash and cash equivalents

The breakdown of this caption at December 31, 2023 and December 31, 2022 is as follows:

	12.31.2023	*12.31.2022*
Cash	946	972
Demand current accounts	7,884,756	10,338,533
Total	**7,885,702**	**10,339,505**

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 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 2023.

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:

	12.31.2023	*12.31.2022*
Fondo Axon ICT III, FCR de Rég. Simplificado	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, 2023, the legal reserve is fully funded.

c) Reserves and share premium

Additionally, the breakdown of consolidated reserves is as follows:

	12.31.2023		12.31.2022	
	Reserves in the Parent	Reserves in consolidated companies	Reserves in the Parent	Reserves in consolidated companies
HOLALUZ-CLIDOM, SA	734,286		(7,111,230)	
CLIDOMER, LDA		(3,184,515)		(1,139,706)
CL. SOLAR, SL		(15,395,201)		(5,761,394)
CL. ITALIA, SRL		(17,905)		(11,644)
CL. FRANCE, SARL		(31,485)		(28,834)
HOLALUZ GENERACIÓN, SL		(5,894)		(2,744)
HL ROOFTOP REVOLUTION, SL		78,143		33,854
CL. GENERACIÓN., SL		(1,201)		(1,160)
KATAE ENERGÍA, SL		(621,769)		(142,617)
CLIDOM ENERGÍA IBÉRICA, SL		(967,490)		-
GESTIÓN HIDRÁULICA CANARIAS, SL		(77,667)		-
TOTAL RESERVES	**734,286**	**(20,224,984)**	**(7,111,230)**	**(7,054,245)**

The balance of the share premium can be freely distributed, as long as equity is not lower than share capital or would not become lower than share capital as a result of distributing it.

d) Transactions with treasury shares

Treasury shares at December 31, 2023 account for 0.27% of the total Company shares (0.28% at December 31, 2022) and amount to 60,044 shares (61,226 shares at December 31, 2022), at an average acquisition price of 4.19 euros per share.

The number of treasury shares in Holaluz Clidom, SA has changed in the period due to the purchase and sale of shares in the market. The losses from this change have been recorded against reserves in accordance with applicable measurement standards.

15. Non-current and current payables

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

	Bank borrowings		Other items	
	12.31.2023	12.31.2022	12.31.2023	12.31.2022
Financial liabilities at amortized cost	15,989,700	23,392,439	1,330	1,330
TOTAL	**15,989,700**	**23,392,439**	**1,330**	**1,330**

At December 31, 2023 non-current payables amounting to 16.0 million euros (23.4 million euros at December 31, 2022) include:

- 7.6 million euros corresponding to capital pending repayment mainly on ICO loans taken out by the Parent Company in 2020 and 2021 within programs launched by the Government to mitigate the effect of COVID on Spanish companies.

- 8.3 million euros (10.7 million euros at December 31, 2022) corresponding to ICO credit facilities taken out by the Parent Company. They correspond to the amounts drawn down on these credit facilities at year end. The credit facilities total 6 million euros.

- 31 thousand euros corresponding to finance lease payables of the subsidiary Katae Energía, SL.

No non-current loans have been taken out in 2023.

The breakdown of "Derivatives" is commented on in Note 17.

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

	Bank borrowings		Other items	
	12.31.2023	12.31.2022	12.31.2023	12.31.2022
Financial liabilities at amortized cost	36,423,874	40,770,224	20,877,490	8,418,552
TOTAL	**36,423,874**	**40,770,224**	**20,877,490**	**8,418,552**

At December 31, 2023 current payables amounting to 36.4 million euros (40.7 million euros at December 31, 2022) include:

- 4 million euros corresponding to capital pending repayment on ICO loans taken out by the Company in 2020 and 2021 within programs launched by the Government to mitigate the effect of COVID on Spanish companies, and 1.5 million euros (non-ICO) corresponding to the repayment of a loan granted by ICF and a tax payment loan granted by Banco Santander.

- During 2023 4 short-term tax payment loans have been taken out for an amount of 500 thousand euros each. The last one of them is pending full repayment at December 31, 2023 (500 thousand euros) and matures on January 14, 2024.

- 8.7 million euros (4.8 million euros at December 31, 2022) corresponding to ICO credit facilities taken out by the Parent Company. They correspond to the amounts drawn down on these credit facilities at year end.

- 9 million euros corresponding to ordinary and ICO reverse factoring agreements taken out by the Parent Company. They correspond to the amounts drawn down on these reverse factoring agreements at year end. From the total amount drawn down, 7.4 million correspond to ICO agreements maturing in 2026. However, this is a short-term product.

- 22 thousand euros corresponding to finance lease payables of the subsidiary Katae Energía, SL.

- 11.1 million euros (13.0 million euros at December 31, 2022) corresponding to a SEPA financing. The Parent Company issues the power bill to every customer at the end of the month and sets up a direct debit for it to be charged during the first days of the following month. At the end of the month, since all the bills have been issued, a SEPA financing remittance is issued. Its limit amounts to 13 million euros and matures within 3-4 business days, as the debt is automatically repaid to the bank once the billed amount is received from the customer. Consequently, the 11.1 million euros drawn down at December 31, 2023 were repaid during the first business days of January 2024. Setting up a direct debit during the first business days of the following month makes it possible to minimize debt repayments.

- 2 million euros of VAT financing pending receipt from the tax authorities. As indicated in the Regulatory framework note to the financial statements, since June 2022 all bills issued to customers of the Parent Company whose contracted power is lower than or equal to 10Kw are added 5% VAT (10% for the period between June 2021 - June 2022, and 21% before that). In turn, all invoices received from suppliers include 21% VAT. Consequently, the Parent Company generates refundable VAT of approximately 2 million euros on a recurring monthly basis that the Spanish tax authorities refund within a period of about 150 days. Since January 2023, the companies Holaluz-Clidom, SA, Katae Energía SL and Clidom Solar SL have formed a Single VAT Group (see Note 18 on tax matters), thus allowing them to offset positive and negative settlements and reduce the net profit/(loss) to be refunded from the Spanish tax authorities. On December 27, the Government published Royal Decree-Law 8/2023, whereby (see regulatory framework) VAT for the year 2024 for supply contracts with contracted power lower than or equal to 10kW. The Parent Company has a VAT financing facility of 2 million euros, which has been entirely drawn down at December 31, 2023 (this facility had not been drawn down at December 31, 2022 since the tax authorities had refunded the whole amount at that date).

Green Commercial Paper Note Program

On November 21, 2022 BME's Fixed-Income Market (MARF) registered the first Green Commercial Paper Notes 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 financing sources. Holaluz has structured the commercial paper notes issued under these Green Commercial Paper Notes Program so that they are considered a green instrument in accordance with the Holaluz Green Finance Framework, whereby the company can issue notes and commercial paper 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. During the first half of 2023 no new commercial paper notes have been issued. From the 20.8 million euros classified as "Other", 19.8 million euros correspond to said commercial paper notes issued on MARF (an outstanding balance of 6.5 million euros at December 31, 2022 and maturing in January 2023).

The breakdown of "Derivatives" is commented on in Note 17.

a) Classification by maturity

The breakdown by maturity of bank loans, with fixed or determinable maturity, at December 31, 2023 and December 31, 2022, is as follows:

12.31.2023	2024	2025	2026	2027	Subsequent years	TOTAL
Bank loans	7,580,686	4,640,957	2,422,714	555,775	35,749	15,235,881
TOTAL	**7,580,686**	**4,640,957**	**2,422,714**	**555,775**	**35,749**	**15,235,881**

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**

Of the total loan amount, 13.1 million euros outstanding at December 31, 2023 correspond to ICO loans, whose initial capital amounted to 19.1 million euros: 5.5 million euros as current and the rest of the amount as non-current.

b) Other information

Current and non-current bank borrowings, which mainly correspond to the Parent Company, are as follows:

12.31.2023			
	Limit (*)	Current	Non-current
Bank loans	21,225,000	7,580,686	7,655,195
Credit facilities	22,950,000	8,673,351	8,303,489
Factoring, reverse factoring and funded payments	9,050,000	9,014,462	-
Bills discounted	13,000,000	11,103,513	-
Credit cards	218,000	33,987	-
TOTAL	**66,443,000**	**36,405,999**	**15,958,684**

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

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.

In the period comprised between December 31, 2022 and December 31, 2023 the Group reduced the limit available on its net bank borrowings by 7.2 million euros. Short-term financing decreased mainly due to the maturity of the factoring facility and the reduction in the utilization of the bill discounting facility (SEPA). The loan amount repayable in the long term has decreased (due to the reclassification of existing loans from the long to the short term), and long-term facilities have been reduced by 2.3 million euros.

Of the 23 million euros of the limit available on credit facilities at December 31, 2023, 7.6 million euros mature in the long term, as they are ICO lines granted 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 46 million euros:

- 30 million euros of surety lines, from which 26.2 million euros have been drawn down at December 31, 2023 (18 million euros at December 31, 2022). The increase in the amount drawn down is due to the natural evolution of business.
- 16 million euros of bank guarantees, from which 15 million euros have been drawn down at December 31, 2023 (15.7 million euros at December 31, 2022).

Security interests, both sureties and bank guarantees, are given to energy suppliers (producers of renewable energies with whom the Parent Company enters into power purchase agreements - PPAs) and market operators (OMIE, OMIP, REE, REN, MIGBAS, etc.) to be able to purchase and commercialize energy.

The interest rate paid by the Parent Company related to bank borrowings is on average Euribor + 3.34% for the first half of 2023 (Euribor + 1.9% at December 31, 2022).

16. Trade and other payables

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

Financial liabilities at amortized cost	12.31.2023	12.31.2022
Suppliers	60,229,032	72,226,017
Other payables	7,567,683	58,480,678
Employee benefits payable	465,238	1,114,321
Current income tax liabilities	1,943	415,816
Other payables to public administrations (*)	1,637,038	1,652,750
Customer advances (**)	7,218,272	10,095,794
	77,119,206	**143,985,376**

(*) See Note 18

(**) This balance mainly corresponds to Clidom Solar for advance collections from incomplete solar installations, for the amount of 5.9 million euros. The income in the income statement is recognized once the installation is completed. Additionally, 1.3 million euros correspond to the parent company.

At December 31, 2023 the balances for invoices pending receipt corresponding to supplied electricity included under "Suppliers" amount to 27.1 million euros (24.4 million euros at December 31, 2022), of which 20.3 million euros correspond to invoices pending receipt from the plants (15.6 million euros at December 31, 2022), 4.7 million euros to invoices pending receipt from distributors (6.3 million euros at December 31, 2022) and 0.5 million euros (2.0 million euros at December 31, 2022) to invoices pending receipt from REE (corporation operating the Spanish electricity grid). This applies to the Parent Company.

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:

	12.31.2023	12.31.2022
Average payment period to suppliers	33	38
Ratio of transactions paid	31	39
Ratio of transactions outstanding	44	22

	12.31.2023	12.31.2022
Total payments made	827,093,247	1,263,816,181
Total payments outstanding	99,615,735	142,546,106
Monetary volume of invoices paid by the deadline established in late payment regulations	785,469,831	1,098,684,066
Percentage of payments made by the established deadline over total payments	95%	87%
(Number of invoices)		
Invoices paid by the deadline established in late payment regulations	3,367,153	3,009,304
Percentage over total number of invoices	89%	77%

16.2. Provisions and contingencies

On March 24, 2023, the Company was notified of the resolution by the Energy Authority of the Spanish National Markets and Competition Commission ("CNMC") dated March 16, 2023, whereby it was agreed to start disciplinary proceedings against the Company and 34 other companies for alleged manipulation or attempted manipulation of the wholesale energy market. On April 18, 2023, the Company filed defense allegations against the Agreement for initiating said proceedings. The Company and its legal advisors consider that the proceedings will not succeed and no provision has therefore been recorded.

17. Hedging transactions using derivative financial instruments

The Parent Company uses derivatives to hedge the risks to which its activities, operations and projected cash flows are exposed. At December 31, 2023 and 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, 2023 in the Parent Company's balance sheet are as follows:

				Fair value	
Description of the hedge	**Type**	**Entity**	**Underlying**	**Asset**	**Liability**
EEX Power hedge	SWBCCAL25	Investment entity	MWh	-	(6,603,673)
EEX Power hedge	SWBCCAL24	Investment entity	MWh	-	(4,366,498)
EEX Power hedge	SWBCQ1-24	Investment entity	MWh	-	(775,464)
EEX Power hedge	SWBCQ2-24	Investment entity	MWh	-	(77,054)
EEX Power hedge	SWBCQ3-24	Investment entity	MWh	1,040,100	-
EEX Power hedge	SWBCQ4-24	Investment entity	MWh	761,884	-
EEX Power hedge	SWBCMAR-24	Investment entity	MWh	82,830	-
EEX Power hedge	SWBCJAN-23	Investment entity	MWh	-	(488,019)
EEX Power hedge	SWBCFEB-23	Investment entity	MWh	-	(261,404)
Over the counter	OTCCAL24	Investment entity	MWh	1,869,760	-
Over the counter	OTCQ124	Investment entity	MWh	-	(761,384)
Over the counter	OTCQ224	Investment entity	MWh	1,157,299	-
Over the counter	OTCQ324	Investment entity	MWh	216,254	-
Over the counter	OTCQ424	Investment entity	MWh	598,294	-
Over the counter	OTCJAN24	Investment entity	MWh	-	(171,121)
Over the counter	OTCFEB24	Investment entity	MWh	-	(34,205)
Over the counter	OTCMAR24	Investment entity	MWh	-	(49,987)
Over the counter	OTCABR24	Investment entity	MWh	-	(60,705)
Over the counter	OTCMAY24	Investment entity	MWh	-	(54,981)
Over the counter	OTCJUN24	Investment entity	MWh	-	(29,783)
Power Purchases Agreement	CAL22-26	Investment entity	MWh	2,088,074	-
Total				**7,814,495**	**(13,734,278)**
Net					**(5,919,783)**

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

				Fair value	
Description of the hedge	**Type**	**Entity**	**Underlying**	**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	OTCQ124	Investment entity	MWh	-	(71,811)
Power Purchases Agreement	CAL20_26	Investment entity	MWh	7,259,369	-
Total				**10,138,397**	**(41,031,330)**
Net					**(30,892,933)**

The net amounts of these transactions at December 31, 2023 total -6.0 million euros (-25.0 million euros at December 31, 2022).

The amounts recognized in equity and income statement during the year related to the hedging transactions above are as follows:

Derivatives	**12.31.2023**	**12.31.2022**
NC derivative assets	1,101,325	4,742,047
C derivative assets	17,097,767	30,388,848
NC derivative liabilities	(6,603,673)	(12,655,624)
C derivative liabilities	(6,544,376)	(28,379,871)
TOTAL	**5,051,043**	**(5,904,600)**

Additionally, at December 31, 2023 the Company's cash account includes 10.6 million euros corresponding to hedging instruments settled before maturity (-25.0 million euros at December 31, 2022).

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

	12.31.2023	12.31.2022
Amount recognized in equity - Profit / (loss)	(4,503,108)	(23,169,700)
Amount recorded directly in income statement - Profit / (loss)	(23,227,766)	(51,615,496)
Total	**(27,730,874)**	**(74,785,196)**

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

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

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:

	12.31.2023	12.31.2022
Not due	23,971,653	43,093,228
Past due, not impaired:		
Less than 30 days	5,299,820	6,118,220
30 – 60 days	270,207	1,556,561
More than 60 days	2,586,653	6,937,715
	32,128,333	**57,705,724**
Doubtful receivables	26,331,345	15,960,070
Impairment losses	(26,331,345)	(15,960,070)
Total	**32,128,333**	**57,705,724**

The impaired balances correspond to bills issued to customers in 2022 and prior years that are mostly under legal claim proceedings. The balances in the balance sheet are cancelled as these proceedings are closed, resulting in a non-recurring positive impact on the income statement in the event that the money is recovered.

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 15b).

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 17) and thus ensure trade margin. Additionally, the company has PPAs and, therefore, future energy purchase is locked at a fixed price.

19. Taxes

The breakdown of this heading in the consolidated financial statements at December 31, 2023 and December 31, 2022 is as follows:

	12.31.2023			
	Debit balances		Credit balances	
Item	Non-current	Current	Non-current	Current
Value Added Tax	-	11,574,504	-	988
Canary Islands general indirect tax	-	10,873	-	80,290
Current income tax assets	-	8,191	-	-
Withholdings and payments on account	-	-		
Deferred tax assets	24,995,176	-	-	-
Deferred tax liabilities	-	-	-	-
Current income tax liabilities	-	-	-	1,943
Electricity tax	-	-	-	2,077
Personal income tax	-	-	-	460,548
Social security agencies	-	310,789	-	1,093,135
Income tax payable to tax authorities	-	-	-	-
Receivable from tax authorities related to grants	-	1,330	-	-
	24,995,176	11,905,687	-	1,638,981

	12.31.2022			
	Debit balances		Credit balances	
Item	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	-	-
	19,467,223	18,724,400	-	2,068,566

At December 31, 2023 VAT receivable derives from the difference between output VAT for electricity bills issued to customers at 10% and 5% and for solar project bills issued at 21% and 10% and input VAT for all invoices issued by suppliers at 21% (see note "Regulatory framework"). At the date these consolidated financial statements were signed, the tax authorities had refunded 13.3 million euros to the Parent Company corresponding to Group VAT accrued in 2023 and 4.5 million euros fully corresponding to the 2022 VAT of the company Clidom Solar that were outstanding at December 31, 2022.

Since 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 Holaluz Clidom as the parent of the tax group. On December 22, 2022, the company informed the tax authorities of the formation of said tax group.

The reconciliation of consolidated profit/(loss) before tax corresponding to the consolidated financial statements at December 31, 2023 is as follows:

	12.31.2023		12.31.2022	
	Tax accrued	**Tax payable**	**Tax accrued**	**Tax payable**
Profit/(loss) before income tax	(37,617,644)	(37,617,644)	(8,647,270)	(8,647,270)
Consolidation adjustments	2,650,355	2,650,355	(655,585)	(655,585)
Correction to profit/(loss) (foreign subsidiaries)				
Permanent differences	712,692	712,692	3,317,873	3,317,873
Temporary differences	3,031,003	3,031,003		
Preliminary tax result	**(31,223,594)**	**(31,223,594)**	**(5,984,982)**	**(5,984,982)**
Utilized tax loss carryforwards (Group)	15,864,545	15,864,545		
Tax result	**(15,359,048)**	**(15,359,048)**	**(5,984,982)**	**(5,984,982)**
Total tax liability (25% of tax result)	(3,839,762)	(3,839,762)	(1,496,245)	(1,496,245)
Adjustment tax rate foreign subsidiaries	(609,359)	(609,359)	332,652	332,652
Deductions	(1,635,909)	-	(2,100,709)	(1,254,722)
Other items			(261,446)	(261,446)
Positive temporary differences (assets)	(5,365,556)	-		
Net tax payable	**(11,450,586)**	**-**	**(3,525,749)**	**(2,679,761)**
Withholdings and payments on account	-	(3,654)	-	(721,319)
Capitalization of tax loss carryforwards				3,765,669
Income tax expense / Income tax (refund) / payable	**(11,450,586)**	**(3,654)**	**(3,525,749)**	**364,589**

Deferred tax assets recorded

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

	12.31.2023		12.31.2022	
Item	Amount	Maturity	Amount	Maturity
Tax credits related to unused tax loss carryforwards	12,540,456		8,091,277	
Arisen in 2016 and prior years				
Arisen in 2017				
Arisen in 2018	73,041		73,041	
Arisen in 2019	528,509		528,509	
Arisen in 2020	128,290		128,290	
Arisen in 2021	2,812,747		2,812,747	
Arisen in 2022	4,548,690		4,548,690	
Arisen in 2023	4,449,179			
Unused deductions:				
2014 deduction for investment profit		2029		2029
2013 deduction for IT		2031		2031
2014-2015 deduction for IT		2032		2032
2015-16 deduction for IT		2033		2033
2016-17 deduction for IT		2034		2034
2017-18 deduction for IT		2035		2035
2018-19 deduction for IT	245,929	2036	11,088	2036
2019-20 deduction for IT	384,843	2034	384,843	2034
4Q 2020 deduction for IT	100,832	2038	100,832	2038
2021 deduction for IT	1,066,153	2039	1,066,153	2039
2022 deduction for IT	2,100,709	2040	2,100,709	2040
2023 deduction for IT	1,563,627		-	2041
2014-15 deduction for donation	729	2,024		2024
2015-16 deduction for donation	1,925	2,025		2025
2016-17 deduction for donation	2,275	2,026		2026
2018-19 deduction for donation	4,350	2,028		2028
2021 deduction for donation	24,815	2,031		2031
2022 deduction for donation	19,250	2,032		2032
2023 deduction for donation	72,282	2,033	-	2033
Adjustment for derivatives	1,501,036		7,723,232	-
Temporary differences				
2013-19 Amortization (25%)	408	2025-2033	-	2025-33
Positive temporary differences (assets)	5,365,556	2,033	-	2,033
Total	**24,995,176**		**19,478,135**	

Technological innovation deductions derive from the technological transformation project that the Parent Company is developing (Note 6) 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 temporary differences for which it is considered probable that sufficient taxable profit will be generated in the future against which they can be utilized.

On January 16, 2024, an amendment to model 200 tax return for the year 2022 was submitted to the tax authorities as a result of ruling 11/2024 issued on January 18, 2024 by the Constitutional Court on the Unconstitutionality Issue 2577-2023. This ruling rendered null and void the limitation on the offset of tax losses established by Royal Decree-Law 3/2016. At December 31, 2023, the estimate of the amendment requested has not been received. Consequently, following a prudence principle, the Company has not included the corresponding impact on the deferred tax assets. The impact estimated by the tax authorities is an increase in deferred tax assets related to technological innovation amounting to 440,746 euros and the full utilization of the company's tax losses for 2022 and prior years.

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, 2023, the Parent Company is open to inspection for the income tax for 2018 and subsequent years and for all other applicable taxes for 2019 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, 2023.

20. Income and expenses

a) Turnover

The distribution of revenue by activity category is as follows:

Activities	12.31.2023	12.31.2022
Commercialization of electricity	256,342,767	430,678,593
Commercialization of gas	1,845,788	37,671,856
Representation of electricity	331,467,483	420,730,548
Solar segment sales	24,906,482	30,734,899
Total	**614,562,520**	**919,815,896**

Revenue has been entirely generated in Spain, except for 36.9 million euros (26 million euros at December 31, 2022) corresponding to electricity representation in Portugal.

The sales for the commercialization 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.

The Parent Company discontinued the gas business in the last quarter of 2022. The sales recorded in the first weeks of 2023 correspond to bills for the termination of contracts, issued according to the reading provided by the distributor (adjustments to prior bills that were issued based on estimated consumption).

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:

Net purchases	***12.31.2023***	***12.31.2022***
Purchases of electricity from the market	195,944,717	365,536,122
Purchases of gas from the market	6,668,093	22,324,247
Purchases of electricity for representation	341,586,992	433,857,337
Costs of financial derivatives	(5,100,132)	(4,835,141)
Purchase of equipment for solar segment sales	12,676,509	19,770,715
Total	**551,776,179**	**836,653,280**

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.

As a result of the termination of the gas business in the last quarter of 2022, the "purchase of gas from the market" heading does not include any gas procurement. For the first half of 2023 the costs amounting to 6.5 million euros include: i) credit notes issued to customers in the first weeks of 2023 when the final meter readings at the date of termination of the contract were received (adjustments to prior bills that were issued based on estimated consumption), and ii) loss from the sale of a portion of the stock accumulated at 2022 year end as it was not consumed by gas customers.

c) Employee benefits expense

The breakdown of this heading in the consolidated financial statements at December 31, 2023 and 2022 is as follows:

Employee benefits expense	*12.31.2023*	*12.31.2022*
Wages and salaries	28,857,934	22,504,493
Social Security paid by the company	9,127,691	6,851,195
Termination benefits	1,347,336	178,571
Total	**39,332,961**	**29,534,259**

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

On December 20, 2023, the Group reached an agreement with trade unions on a collective dismissal of up to 169 employees due to economic reasons, generating an indemnity of 1.2 million euros.

d) External services

The breakdown of this heading in the consolidated financial statements at December 31, 2023 and 2022 is as follows:

External services	*12.31.2023*	*12.31.2022*
Leases (*)	2,302,655	1,579,647
Repairs and maintenance	125,534	1,929,887
Independent professional services	5,869,069	16,922,707
Transportation services	110,858	-
Insurance premiums	777,118	524,173
Bank services	1,050,722	970,436
Publicity, advertising and public relations	24,810,205	25,312,924
Utilities	531,677	2,100,301
Other services	11,334,386	5,330,957
Total	**46,912,224**	**54,671,032**

(*) note 7.1 (leases)

At December 31, 2023, the “Publicity, advertising and public relations” heading includes 18.4 million euros corresponding to accruals of customer acquisition costs (14.5 million euros at December 31, 2022).

e) Depreciation and amortization

The breakdown of this heading in the consolidated financial statements at December 31, 2023 and 2022 is as follows:

	12.31.2023	*12.31.2022*
Property, plant and equipment	996,796	479,771
Intangible assets	8,759,725	5,833.0878
Total	**9,756,521**	**6,312,858**

f) Other gains/(losses)

The breakdown of this heading in the consolidated financial statements at December 31, 2023 and 2022 is as follows:

	12.31.2023	*12.31.2022*
Non-recurring expenses	1,765,171	474,041
(Non-recurring income)	(742,460)	(502,072)
Gains/(losses) on disposals	-	4,521
Total	**1,022,711**	**(23,510)**

Non-recurring expenses include 507 thousand euros related to deviations in measures informed by REN in prior years corresponding to the Portuguese subsidiary and 272 thousand euros corresponding to a VAT adjustment due to the filing of supplementary tax returns in December 2022 in the Parent Company.

g) Finance costs

The breakdown of this heading in the consolidated financial statements at December 31, 2023 and 2022 is as follows:

	12.31.2023	*12.31.2022*
Interest on payables	4,100,370	1,832,621
Interest on discounted bills at other financial institutions	154,399	15,686
Other finance costs	135,886	283,623
Total	**4,390,656**	**2,131,930**

The increase in finance costs is mainly due to the costs from the financing obtained in the Green Commercial Paper Notes Program on MARF, started in November 2022 and renewed in October 2023, and to the effect of the rise in EURIBOR in 2023.

h) Segment information

The Group classifies its management activity into the following segments:

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

The Group's financial information by operating segment for the consolidated financial statements at December 31, 2023 and 2022 is as follows:

12.31.2023	Commercialization (electricity & gas)	Representation (electricity)	Subtotal Energy Management	Solar	TOTAL
Revenue	258,188,556	331,467,482	589,656,038	24,906,482	614,562,520
Change in inventory	-	-	-	(2,128,729)	(2,128,729)
Work performed and capitalized	4,329,465	4,329,465	4,329,465	4,476,342	8,805,807
Cost of sales	(197,512,677)	(341,586,992)	(539,099,669)	(10,547,781)	(549,647,450)
Employee benefits expense	(27,659,292)	-	(27,659,292)	(11,673,669)	(39,332,961)
Other operating income and expenses	(44,571,668)	(46,783)	(44,618,451)	(10,446,181)	(55,064,632)
Other gains and losses	(395,864)	(435,906)	(831,770)	(190,941)	(1,022,711)
Depreciation and amortization	(7,479,255)	-	(7,479,255)	(2,277,266)	(2,277,266)
OPERATING PROFIT/(LOSS)	**(15,100,736)**	**(10,602,198)**	**(25,702,934)**	**(7,881,744)**	**(33,584,677)**
Finance profit/(loss)	(3,915,067)	(57,152)	(3,972,219)	(60,748)	(4,032,967)
PROFIT/(LOSS) BEFORE TAX	**(19,015,803)**	**(10,659,349)**	**(29,675,152)**	**(7,942,492)**	**(37,617,644)**
Segment assets	125,106,609	9,816,952	134,923,561	39,501,499	174,425,060
Segment liabilities	125,106,609	9,816,952	134,923,561	39,501,499	174,425,060

12.31.2022	Commercialization (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
Change in inventory	-	-	-	4,478,606	4,478,606
Work performed and capitalized	4,743,586	-	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)	-	(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)	-	(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

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 Group has no provisions for environmental risks and expenses since it considers that no risks exist for this matter.

Consequently, there have been no environmental investments during the period comprised between December 31, 2022 and December 31, 2023.

22. Related-party transactions

Group transactions with related parties from December 31, 2022 to December 31, 2023, as well as the nature of the relationship, were as follows:

Related party	Nature of the relationship
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, 2022 to December 31, 2023 amounts to 954.3 thousand euros (902.8 thousand euros at December 31, 2022). Senior executive duties are carried out by the members of the Parent Company's Board of Directors.

At December 31, 2023 and 2022 the Parent Company had no pension plans or life insurance policies for former or current members of the Board of Directors.

At December 31, 2023 and 2022, 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, 2023 director liability insurance premiums for damages arising in the performance of director duties have been paid for an amount of 19 thousand euros (17 thousand euros at December 31, 2022).

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, 2022 to December 31, 2023 and at the closing date of the consolidated financial statements for the period ended December 31, 2023) by categories, and the breakdown of headcount by gender, are as follows:

Headcount at December 31, 2023:

December 31, 2023				
		Headcount		
Professional Category	Number of employees	Men	Women	Disabled employees >33%
Management team	15	10	5	-
Middle managers and qualified technicians	152	92	60	1
Operations, sales and administrative staff	296	170	126	7
Total	**463**	**272**	**191**	**8**

Average headcount from January 1, 2023 to December 31, 2023:

December 31, 2023				
		Headcount		
Professional Category	Number of employees	Men	Women	Disabled employees >33%
Management team	38	25	14	2
Middle managers and qualified technicians	299	175	124	2
Operations, sales and administrative staff	271	164	107	6
Total	**608**	**364**	**245**	**10**

Headcount at December 31, 2022:

December 31, 2022				
		Headcount		
Professional Category	Number of employees	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**

Average headcount from January 1, 2022 to December 31, 2022:

December 31, 2022				
		Headcount		
Professional Category	Number of employees	Men	Women	Disabled employees >33%
Management team	41	25	16	2
Middle managers and qualified technicians	319	187	132	2
Operations, sales and administrative staff	194	112	82	4
Total	**554**	**324**	**230**	**8**

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 received during the year for services provided by the Group's auditor of the consolidated and separate financial statements are as follows:

	2023	2022
Audit services	128,000	90,000
Other services provided by the auditor required by applicable regulations	30,000	25,000
Other services	13,000	-
	171,000	**115,000**

In addition, the fees received during the year for services provided by other firms belonging to the auditor's international network are as follows:

	2023	2022
Other services	220,500	-
	220,500	**-**

23. Subsequent events

If and only if the financing described in Note 2.c. does not materialize, the Board of Directors of the Parent Company has agreed to file for pre-insolvency proceedings as an ancillary measure.

On January 16, 2024, an amendment to model 200 tax return for the year 2022 was submitted to the tax authorities as a result of ruling 11/2024 issued on January 18, 2024 by the Constitutional Court on the Unconstitutionality Issue 2577-2023. This ruling rendered null and void the limitation on the offset of tax losses established by Royal Decree-Law 3/2016. At December 31, 2023, the estimate of the amendment requested has not been received. Consequently, following a prudence principle, the Company has not included the corresponding impact on the deferred tax assets. The impact estimated by the tax authorities is quantified in the tax note.

HOLALUZ - CLIDOM, S.A. and SUBSIDIARIES
Consolidated Management Report for the year ended December 31, 2023

Management Report

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

HOLALUZ - CLIDOM, S.A. and SUBSIDIARIES

Consolidated Management Report for the year ended December 31, 2023

BUSINESS PERFORMANCE AND COMPANY PERFORMANCE

Holaluz defines itself as an energy transition company that transforms square meters of rooftops into renewable energy production, **connecting people to green energy**. Since 2010, Holaluz has pursued the goal of decarbonising the economy and **achieving a planet powered 100% by renewable energy**.

The company proposes a structural change: **transforming the current polluting model of centralized energy generation into an ecosystem of clean energy**, decarbonized, democratized, and accessible **thanks to the energy distributed through the Rooftop Revolution**.

We aim to **transform residential rooftops into green energy generators and connect them to nearby customers' homes** through an advanced technology platform using the proximity network. All of this accentuates the company's positive impact while at the same time democratizing accessible local green energy.

This ecosystem of producers and consumers of decentralized renewable electricity benefits everyone: customers, the environment, and the electricity system. Customers can benefit from better rates while simultaneously generating and consuming 100% green electricity, while reducing the need for investment in transmission and distribution networks, and minimizing system losses by requiring fewer large-scale centralized production assets.

To date, **Holaluz has consolidated its position as a leading energy transition company in Europe**, transforming **over 14,500 rooftops** in Spain into green energy producers and consolidating a portfolio of **over 325,000 contracts** (this figure includes electricity contracts, solar surpluses management contracts and maintenance contracts). We also have the **highest level of solar customer satisfaction, with a rating of 8.3/10 and a 4-star rating (4/5) on Trustpilot**.

Ultimately, this all adds up to a **holistic approach and vision of energy management, consolidating Holaluz as a key stakeholder in the energy transition**.

The company operates in Spain and holds operating licenses in a number of other countries including Portugal. Most of the company's suppliers of renewable electricity have their origin in Spain.

An impactful business model and a unique value proposition: the path to distributed energy generation

Climate change presents the greatest challenge that we face today. Distributed generation makes it possible to decarbonize all energy consumption in the Spanish, and other European countries' residential sectors by solving its five main challenges:

1. Replacing fossil fuels with renewable energy production sources: Distributed generation enables the **swift** integration of **renewable energy sources**, leveraging the potential of Spain's **10 million residential rooftops** (INE, 2023)[1]. **Distributed generation** is poised to become **the leading source of renewable energy in the EU**, with significant potential for growth in the coming years (IEA, 2023)[2].
2. Electrification of growing energy demand: The IEA predicts that electricity demand will triple by 2050[3]. Distributed generation facilitates the **renewable electrification** of all energy consumption vectors: fossil fuel-generated electricity, petrol, and natural gas. This enables millions of families to **significantly reduce their energy bills**.
3. A greater need for flexible operations in a 100% renewable energy-powered system: Distributed generation offers system **flexibility** by **coordinating a set of Distributed Energy Resources** (DERs), such as batteries, electric cars, or heat pumps in a Virtual Power Plant (VPP). The cost of storage systems will decrease due to the emergence of new technologies that will reduce costs and increase penetration in the coming years.
4. Designing the power grid to accommodate the new energy model: Distributed generation requires **less investment in transportation and distribution networks** compared to a centralized model, as it **reduces extra charges for domestic customers by 18%** due to losses in the electricity transport system (CNMC, 2020)[4] and because energy is produced in the area where it will be consumed.
5. Respecting the environment and benefiting society: Distributed generation **minimizes its impact on the environment** by utilizing **existing rooftops for systems installation**.

Holaluz's distributed generation model aims to maximize the potential of every rooftop, as **we progress from an expensive, pollutant, centralized oligopoly** with low consumer

[1] Holaluz's own calculation based on INE's data (consulted in April 2023).

[2] Renewable Energy Market Update. International Energy Agency, 2023. https://iea.blob.core.windows.net/assets/63c14514-6833-4cd8-ac53-f9918c2e4cd9/RenewableEnergyMarketUpdate_June2023.pdf

[3] Net Zero by 2050 - A Roadmap for the Global Energy Sector https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroby2050-ARoadmapfortheGlobalEnergySector_CORR.pdf

[4] Circular 3/2020, of 15 January, of the National Securities Market Commission, establishing the methodology for the calculation of transport and electricity distribution fees.

participation to a decentralized, decarbonized, democratized, and affordable **clean energy network**.

With this proposal, Holaluz offers:

- Savings: **Maximum savings** (savings of more than 70% for over 75% of customers) by maximizing the potential of rooftops through remote energy management of flexible assets like batteries, EV chargers, and heat pumps.
- Subscription model: Holaluz is the only company to **guarantee savings** to customers after the installation of solar panels through a fixed monthly subscription model ('Tarifa Justa') thanks to the intensive use of technology and data.
- Comprehensive relationship with the customer: We manage the installation process from start to finish, delivering solar installations in less than 45 days for most customers. The installation is constantly supervised thanks to a **technological platform and maintenance product** to ensure the maximum production.
- Sustainability: Guarantee that our electricity is **100% renewable**, supplied by both local customers and independent generators through Power Purchase Agreements (PPAs).

The green electricity subscription model: 'Tarifa Justa'

In 2023, Holaluz completed the transition of its electricity portfolio to the 'Tarifa Justa' product, a decision that has proven highly beneficial for both customers and the company. The 'Tarifa Justa', a **fixed monthly rate**, simplifies billing and reduces the volatility of monthly costs for customers. Holaluz was the first Spanish electricity company to introduce this green electricity flat pricing system.

Its key principles are i) **customization** (the customer pays a rate that is adjusted to their own consumption needs); ii) **protection** (The same amount is paid each month thanks to the price of electricity and surpluses being shielded for 12 months); and iii) **simplicity** (Holaluz assumes responsibility for everything, monitoring consumption with the company's advanced data management).

The 'Tarifa Justa' offers the customer a uniquely valuable proposition: i) **annual monthly quota** (at the end of the year, the new quota is calculated based on consumption during the year); ii) **the balance of the quota at the end of the year is refundable to the customer** (if the customer pays more than they consume, Holaluz refunds the difference); and iii) ***on/off*** (the rate can be "disabled" if the customer is not at home).

This change has seen **multiple benefits**: i) **improved customer experience** (giving predictability and simplicity from the 'Tarifa Justa'); ii) significant **operating efficiency** (reduction of call center costs by 59% year on year by minimizing customer contact needs given the simplicity of billing); iii) **improvements to the churn rate and reduction of non-payment** attributable to better customer satisfaction.

Due to Holaluz's unique value proposition of combining Energy Management with Solar, Holaluz can offer the 'Tarifa Justa' product not only to our electricity customer portfolio but also to solar customers. That means that solar panel owners can calculate the fixed monthly savings of their installation.

Technology and data

Thanks to the combination of data and Artificial Intelligence algorithms, value can be created for new and existing customers, generating additional revenue and maximizing commercial efficiency. In 2023, the **Data area was consolidated within the company**, with a special focus on the following areas: i) **sales and marketing** (clustering techniques for classification of customers by geographic areas, identifying bottlenecks, etc.); ii) **commercial margin control** (detection of patterns of energy consumption significantly above or below those envisaged) and (iii) **operations** (detection of the highest impact incidents to take corrective actions at all level and improve customer satisfaction).

The disruptive energy model sought by Holaluz in its vision and mission as a company is achieved with an excellent technology team, developing and consolidating various tech projects with an impact on Holaluz and the sector. These include the roll-out of the **first cloud control center in Spain** (together with Amazon Web Services and Green Eagle Solutions) to help the system operator Red Eléctrica balance generation, supply, and demand in real-time for greater integration of renewables while at the same time guaranteeing the supply of electricity through better management of resources, better quality response and greater scalability).

Another important project is the development of the first **Virtual Power Plant** in Spain, consisting of a network of thousands of batteries, electric vehicle charging stations, and heat pumps linked to residential solar installations across Spain; to provide flexibility to the electricity system, optimize energy consumed by the linked homes and provide 100% renewable energy to the system at night when fossil energy sources have a greater share.

The business is also continuously developing its **Solar App**, a mobile application that unifies the customer experience from the installation to the management of solar production.

Other projects include the **Data Platform** (improving the data management layer of the company's customers) and **Holaluz Wireless** (management of the solar surplus of second homes to compensate for consumptions of the principal residence where there is no option for photovoltaic installation).

ESG commitment and strategy

Holaluz was born with ESG in its DNA. ESG activity takes the form of effective management of the company's different forms of capital (human, operational, intellectual, environmental, relationship, and financial); and a strategy that's focused on people (customers and society), helping tackle the most critical social and environmental challenges faced by the planet.

Holaluz was again recognised as the **number 1 ESG company in the Independent Energy Producers category** by **Sustainalytics in 2023**. This recognition comes on top of the Gold Medal granted by EcoVadis in 2023 for its performance in sustainability. Holaluz was also the first European electricity company to join the **B Corp movement in 2018.**

The DNA of Holaluz is ESG, which translates into a total commitment to promoting transparency, accountability, and business ethics. In this regard, from 2023 one of the strategic projects is to advance in the measuring of non-financial indicators that allow us to improve transparency and maximize the positive impact.

The strength of the team at Holaluz

To create a 100% renewable planet, we must be able to rely on a team that identifies with this purpose and is committed to that work. That's why, conscious of the fact that **companies are the sum of their people**, Holaluz offers an environment that allows people to grow holistically so they can give the very best of themselves, in an ecosystem that provides: i) autonomous and flexible work; ii) equality and empowerment of women; iii) work life and family balance; iv) a qualified, diverse inclusive and committed team; v) a project and result-oriented approach; and iv)the promotion of health and wellness.

In addition to the traditional functional structure, the company is committed to **transversal and multidisciplinary teams** working with **OKRs** (Objectives and Key Results) dedicated to reaching goals that affect the entire business.

As well as offering a workplace where teams feel respected and recognised, Holaluz has a People Policy that seeks to attract and retain the best talent thanks to our culture (continued motivation and desire to achieve landmarks) and ensure objectives as a team.

As of 31 December 2023, the workforce of all group companies amounted to 463 employees (752 in Dec '22); an inclusive, equal, and diverse team.

Since May 2018 the Company has complied with the Disability Act (formerly Social Integration for Disabled People Act) whereby at least 2% of the Company's staff includes people with a disability of 33% or more. Additionally, the Company complies with all equality and non-discrimination regulations.

This **Management Report** includes as an annex the Integrated Report for the fiscal year ending on 31 December 2023.

Summary of the consolidated income statement

2023 closed with a consolidated turnover amounting to 614.6 M€ (919.8 M€ in 2023). **Normalized EBITDA[5] was 4.3 M€** (vs 14.3 M€ in 2022), **overachieving our guidance provided in Jan '24** (3 M€). These numbers are materially lower year-on-year due to the weaker market backdrop attributable to industry and economic headwinds, as detailed below. However, significant progress was made in reducing operating costs against the difficult trade backdrop, with a 23% reduction to 38.2 M€ as a result of concerted actions including headcount reduction and efficiencies.

€m	31.12.23	31.12.22	% change
Sales	**614.6**	**919.8**	**-33%**
Energy Management	589.7	889.1	-34%
Solar	24.9	30.7	-19%
Gross Profit	**62.8**	**83.2**	**-25%**
Normalized Operating Costs[6]	**-38.2**	**-49.8**	**23%**

[5] Normalization of EBITDA derives from the accounting change introduced by the Resolution dated February 10, 2021 issued by the Spanish Accounting and Audit Institute (ICAC) enacting the regulations for recognising, measuring and preparing financial statements for the recognition of revenue from the delivery of goods and rendering of services. The said resolution provides that incremental costs of obtaining a contract shall be recorded as Short-/Long-term Periodifications in the assets side of the consolidated balance sheet and under Other operating expenses in the consolidated income statement. That is, customer acquisition costs are no longer amortized, but the portion corresponding to the year is taken to the income statement (to advertising and publicity) and the rest is accrued in the balance sheet. This criterion has been adopted as from January 1, 2021, amending the comparative figures in both the balance sheet and the income statement. The impact of ICAC's resolution on the calculation of EBITDA amounts to 18.4 million euros at December 31, 2023 and 14.5 million euros at December 31, 2022. Normali<ed EBITDA has been calculated by reclassifying 14.5 million euros related to OPEX to Depreciation and Amortisation, following the criterion applied in prior years and prior ICAC's resolution.

Extraordinarily for year 2023, the Normalized EBITDA does not include: i) the extraordinary 4.8 M€ loss related to the gas not consumed in 2022-23 winter due to the decommissioning of the Gas Business in Q4 '22. The gas was sold in 2023 at a lower price with respect its acquisition cost; ii) the ERE cost amounting 1.5 M€ (severances paid to the people made redundant at the end of the year + legal costs related); iii) 2.5M€ of extraordinary cost coming from a contractual dispute with a PPA in Portugal; and iv) other minor concepts amounting -0.2 M€.

[6] As EBITDA, normalized operating expenses do not include accruals (previously amortization of customer acquisition costs. They do not include the "Other income" heading. Normalized operating expenses have been calculated based on Other operating expenses amounting to 57.6 M€ (64.3 M€ in Dec'22) and reclassifying 18.4 M€ related to OPEX to Depreciation and Amortisation, following the criterion applied in prior years and prior ICAC's resolution (14.5 M€ in 2022). Extraordinarily for 2023, in this calculation there are also 0.9 M€ of legal costs coming from ERE and the debt raising processes the Company is involved in.

Normalized EBITDA[7]	**4.3**	**14.3**	**-70%**
EBITDA	**-22.8**	**-0.2**	**-**

Sales

Consolidated turnover for FY2023 amounts to 614.6 M€ (918.8 M€ in FY2022).

Revenue for the *Energy Management* business was 589.7 M€ (889.1 M€ in FY 2022; 34% decrease). This revenue decrease is essentially explained by the decrease in average electricity prices, decreasing from an annual average of 204 €/MWh for 2022 to 99,5 €/MWh for 2023.

Revenues (€m)	FY 2023	FY 2022	% change FY
Energy management	589.7	889.1	-34%
Electricity & Gas	258.2	468.4	-41%
RtM	331.5	420.7	-21%

The **electricity commercialization activity** was 42% (47% in 2022) of the total company's turnover (258.2 M€), with its revenue 41% lower than the previous year (468.4 M€) due to the **lower prices environment** (with a direct impact coming from indexed products billings, representing on average 24% of the annual turnover in euros for 2023, a 35% in terms of the energy billed-consumed, and only 5% of the customers' portfolio of clients) and a 30% per capita consumption decrease in the first quarter of the year, when 'Tarifa Justa' migration project was not executed yet.

'Tarifa Justa' migration started in March 2023 and was completed in May 2023. This very significant change to the customers' portfolio (up to 70% of domestic clients), significantly reduces the seasonality of income, flattening the income throughout the year (as well as billings and cash flows). The number of contracts at year-end was more than 325.000 (2022: ~300.000).

More than 95% of Holaluz's portfolio is residential; the rest are SMEs with residential behavior. The portfolio is very diverse and unconcentrated, with an average monthly invoice of 80-100 €/month. Holaluz issues monthly invoices on the first working days of the following month. In case of default, a very strict process starts following the Real Decreto 897/2017 of 7th October, which regulates the criteria to be applied in case of cutting electricity supply.

[7] Same footnote comments #5. There is a reconciliation table between ordinary EBITDA and Normalized EBITDA in page 14 of this Management Report.

FY2023 turnover does not include any contribution from gas sales following the strategic decision to close the business in Q4'22. This strategic decision saved **Holaluz customers more than 10 M€ in Q1 '23**.

The lower price environment in 2023 also led to a 21% reduction in **route-to-market (RtM) turnover**, to 331.5 M€ (2022: 420.7 M€). Since there is no income coming from gas in 2023 (business decommissioned in 4Q '22), the representation activities became more relevant on a percentage basis, with 54% of total sales (46% in 2022). Notwithstanding this reduction in turnover, importantly the energy represented by Holaluz in the market has increased by 51%, reaching 5.4 GWh (3.6 GWh in 2022) as explained below.

While Holaluz does not derive a profit from the **route-to-market (RtM) business**, it does allow the Company to compensate for its selling position (as a representative agent) and buying position (as a supplier) in OMIE, the nominated electricity market operator for the Iberian Peninsula. Therefore, the final amount to be paid weekly in OMIE is the net resulting amount. The purpose of Holaluz is to reach a balance between buying and selling positions to reduce to a minimum the guarantees to be given in OMIE. This activity is also interesting for working capital management purposes, which is essential in an environment in which power retailers must pay their energy purchases weekly and do not get paid by their customers until the following month. The large representation contracts that have been concluded in the last 2-3 years have allowed the Group to increase the amount of energy represented in the market up to 5.4 GWh on December 31, 20223 (3.6 GWh in 2022).

As energy markets are integrating within the European Energy Union, positioning in several European markets and integration has been key to companies. In the first place, Holaluz has focused on Portugal, a market that is already integrated with the Spanish market through OMIE. For that purpose, the subsidiary Clidomer was incorporated in 2018. This is a company wholly owned by the Parent Company Holaluz-Clidom, SA, whose representation activity started in July 2018. The Portuguese subsidiary, focused exclusively on the representation business and PPAs, shows revenue of 36.8 M€ (26.0 M€ in 2022). Such an increase is explained by the incorporation of new route-to-market contracts in 2023.

OMIE is the electricity market in the Iberian Peninsula where almost all energy purchase and sale transactions are closed. It is a physical market where energy that is going to be produced by the generators and consumed by the customers is purchased and sold. Electricity cannot be stored. Therefore, 24 auctions are held every day. The matching price (purchase – sale) varies hour by hour and, consequently, it is indispensable that gross profit is guaranteed by employing financial futures contracts and power purchase agreements (PPAs). These futures transactions made to guarantee gross profit are necessary because the selling price to the customer is fixed over 12 months, whereas the

price of energy in OMIE is highly variable. Thus, through financial derivatives (mainly futures and forwards to which the PPAs explained below have been added) and physical PPAs Holaluz can cover price fluctuations in the energy market.

Revenue for the Solar business was 24.9 M€ (30.7 M€ in FY 2022; 19% less). With regards to the **Solar business** (installation of solar panels in residential rooftops), **2023 has been a very challenging year for the residential solar market in Spain**, with a 50% market decrease according to UNEF and APPA[8], mainly as a consequence of the high-interest rates environment. Despite these very challenging market conditions, **Holaluz outperformed** the industry by **doubling its market share** in terms of sales, from an estimated 1.6% in 2022 to **more than 3% in 2023**, showcasing the **superiority of the company's value proposition**.

Revenues (€m)	FY 2023	FY 2022	% change FY
Solar installation	24.9	30.7	-19%

In 2023 Holaluz installed 2,793 projects (2022: 3,412, an 18.2% decrease), with an **annual turnover amounting to 24.9 M€**[9] (2022: 30.7 M€, a 19% decrease).

On a full-year basis, the average installation price was in line with 2022 (8,917 € in 2023 vs. 9.008 € for 2022). However, due to the efforts to improve unit economics carried out throughout the year, which resulted in an increase in average installation size and the cross-sale of batteries in solar installations, the **average installation price achieved was 11,200 € in Q4-24, a 24% increase vs. 2022 figures.**

[8] Unión Española Fotovoltaica (UNEF). (18th Jan 2024). In 2023 in Spain 1.706 MWh were installed as solar self-consumption sites. From: https://www.unef.es/es/comunicacion/comunicacion-post/en-2023-se-instalaron-en-espana-1706-mw-de-auto consumo-fotovoltaico

APPA Renovables. (2023). Informe Autoconsumo Fotovoltáico 2023. From (26th Jan 2024) https://www.informeautoconsumo.es/wp-content/uploads/2024/01/Informe-Autoconsumo-Fotovoltaico-2023.pdf

[9] In 2023 there were no new loans through the Rooftop Revolution subsidiary. Holaluz, through its subsidiary Clidom Solar, installs solar panels for rooftop owners and manages their energy production, offering in exchange a monthly fixed discount in their electricity bill as from the first month. The sales margin of the installations funded through the subsidiary Rooftop Revolution, SL is reflected in the subsidiary Clidom Solar, SL (wholly owned by the parent) and in the consolidated financial statements. The parent Holaluz-Clidom, SA acts solely as an agent for collecting the loan installment, included in the monthly electricity bill, which also includes the fixed portion of surplus savings. The proceeds from this loan installment is subsequently transferred to the subsidiary Rooftop Revolution, SL as the holder of the loans.

Solar installations	FY 2023	FY 2022	% change FY
Installed	2,793	3,412	-18%

Gross Profit

Holaluz aims to sell green energy with a margin to customers who pay. In a context of high volatility in energy prices in the electricity market (OMIE), stable costs in energy sales are achieved through a fine hedging strategy that guarantees gross profit and, consequently, business profitability. The Company closes futures deals in Spanish (OMIP and MEFF) and international (EEX) financial energy markets, PPAs (both physical and financial), and OTCs deals (Over The Counter) to hedge the energy purchased for customers and thus cover the risk of fluctuations in prices and the corresponding impact on gross profit in the *Energy Management* business.

Consolidated gross profit for FY2023 amounted to 62.8 M€ (2022: 83.2 M€, of which 15.3 M€ came from the gas business, decommissioned in Q4 '22). Isolating gas impact in 2022, in 2023 gross profit was in line with 2022 (approx 68 M€), representing **11% more sales** (without gas) **in 2023** (2022: 7.7%).

Energy Management's gross profit for FY2023 amounted to 50.6 M€ (2022: 72.2 M€, 30% decrease). Isolating the impact of the gas business, in 2023 EM gross profit was in line with 2022 (55.4 M€ vs. 56.8 M€).

The gross margin of the electricity commercialization business is 21.6% (vs. 13.2% in 2022), excluding the gas trading business. This gross margin represents the **record gross margin** of the electricity commercialization business for Holaluz.

Energy demand in Spain decreased by 30% per capita during the first quarter of 2023 due to a very warm winter, which impacted gross profit generation from our non-'Tarifa Justa' customers, alongside the extraordinary one-off 4.8 M€ loss coming from the sale of the gas not consumed in winter 2022-23 (as the gas commercialization line was discontinued in Q4 '22). The situation was very quickly reversed as Holaluz decided to transfer 70%+ of the domestic customer portfolio to the "Tarifa Justa" product starting in March 2023.

Energy management Gross Profit recovered already in the second quarter of 2023 and has presented very profitable results since then.

Solar gross profit for FY2023 amounted to 12.2 M€ (2022: 10.9 M€, 11.5% increase). The Solar business has experienced a significant gross margin expansion (49% in 2023 vs.

36% in 2022) as a result of the increase in average ticket size and COGS optimization. Some of the key measures undertaken (impacting gross profit and/or EBITDA) are the following:

- **Sale of larger installations**: average installation size increased by more than 14% relative to the beginning of the year, driven by the Value Proposition of maximizing electricity savings.

- **Sale of flexible assets**: Holaluz achieved a circa 15% monthly battery penetration after the battery product launch in May, leveraging the agreement with Tesla and increasing the one-off gross profit per installation.

- **COGS optimization**, with a 20% reduction y-o-y thanks to cost reduction initiatives in both components procurement and management and installation costs, with a significant increase in internal installations in the second half of the year (>90%).

- **Diversification of lead acquisition channels**, with a 33% y-o-y reduction in unitary lead acquisition costs compared to 2022.

- **Centralization of sales and installation structure**: Holaluz has undergone a significant transformation in organizing its sales and installation teams. Moving from a fully decentralized model spread across Spain, Holaluz has adopted a more centralized operational approach. This shift focuses on **optimizing operations in regions with high demand** and leveraging partnerships, aligning with our 2022 initiative of vertical integration in delivery installations. The goal is to establish a **balanced hybrid model**, where around 50% of total sales are managed internally and the remaining sales are managed through external partners upholding Holaluz's quality and customer experience standards. This **strategic move towards centralization** has enhanced resource allocation efficiency, ensuring both profitability and operational effectiveness, while still maintaining extensive coverage across Spain.

- **Warehouse and supply chain reorganization**: To align with the new operational structure, warehouses and supply chain logistics have been reorganized, in order to support the centralized hybrid model and ensure smoother, more efficient service delivery.

Normalized Operating Costs, EBITDA, and Normalized EBITDA

Personnel expenses experienced a 33% increase in 2023 with respect to the previous year, moving from 29.5 M€ to 39.3M€, of which 1.2 M€ correspond to ERE severance costs (process closed at the end of December 2023). This extraordinary severance cost has not been included in the Normalized EBITDA calculation, as it is considered a one-off event out of the ordinary activity of the company.

At the end of the year, there were 463 employees (752 in Dec '22). The personnel structure reduction is mainly explained by the ERE effect, where 169 people exited the company with 1.2 M€ in severances in Holaluz-Clidom SA, Clidom Solar SL, and Katae Energía SL. It must be noted that thanks to the 'Tarifa Justa' migration **there has been a 17% y-o-y saving in direct personnel costs in back-office** teams because day-to-day activities were simplified and minimized (i.e. the billings process).

Normalized operating costs[10] amount 38.2 M€ (49.8 M€ in 2022, 23% improvement y-o-y). The 'Tarifa Justa' migration generated a **significant reduction in direct operating costs**, especially in external call centers (with a 59% y-o-y saving, as customers who pay a fixed monthly fee do not need to call Holaluz to understand their invoices). Additionally, there have been savings in technology and marketing, and brand investment has decreased. With regards to the Solar business, there have also been reductions at all operating cost levels except for personnel costs, as the ERE impact became a reality in 2024.

The following table shows the normalized operating costs reconciliation for 2023 and 2022:

€m	FY2023	FY2022
Operating costs (acc. / CCAA)	**57.6**	**64.3**
CAC[5]	18.4	14.5
ERE (legal costs)	0.3	
Debt raising (legal costs)	0.7	
Normalized Operating Costs	**38.2**	**49.8**

Note: acc / CCAA refers to the Operating Costs according to Consolidated Annual Accounts: i.e. Statutory Accounts.

[10] Same footnote comments #6. There is a reconciliation table between operating costs and Normalized operating costs in page 13 of this Management Report.

The company's approach to reaching operating excellence overcame the negative results achieved in the first quarter of 2023 and reached a **normalized EBITDA by year-end amounting to 4.3 M€** (14.3 M€ in 2022), with **record per customer unit economics**. Cost reductions in all areas (COGS, direct costs, marketing, CAC, and OPEX) have directly positively impacted the company's profitability in both businesses, *Energy Management,* and *Solar*.

The following table reconciles EBITDA according to annual accounts to normalized EBITDA for the years 2023 and 2022:

€m	2023	2022
EBITDA (acc./ CCAA)	**-22.8**	**-0.2**
CAC	18,4	14.5
Gas extraordinary loss	4.8	
ERE (severances + legal costs)	1.5	
PPA (contractual dispute)	2.5	
Other	-0.2	
Normalized EBITDA	**4.3**	**14.3**

Note: acc / CCAA refers to the EBITDA according to Annual Accounts: i.e. Statutory Accounts.

In 2023 there have been several particular one-off issues, out of the ordinary activity of the company, which have not been considered when calculating the Normalized EBITDA, given that they are not recurrent costs and would affect comparable figures vs previous and following years. The only periodical adjustment kept vs 2022 is CAC[11]. The other adjustments are:

- Extraordinary loss in gas: 4.8 M€. Referring to gas not consumed by our customers in winter 2022-23 due to the decommissioning of the business in Q4'22. This one-off loss arises as the sale of this gas stock was made at a lower price compared to the acquisition costs.
- ERE: 1.5 M€, including 1.2 M€ in severances and 0.3 M€ in associated legal costs. The process was closed in December, and 169 people were made redundant in Holaluz-Clidom SA, Clidom Solar SL, and Katae Energía SL by year-end.
- PPA: 2.5 M€. Amount in dispute with a Portuguese producer with regards to a PPA contract.
- Other: -0.2 M€.

[11] Same footnote comments #5. There is a reconciliation table between ordinary EBITDA and Normalized EBITDA in page 14 of this Management Report.

The consolidated net result is a 26.2 M€ loss, explained by losses in solar business and the negative first quarter in *Energy Management*, of which 80% (20.9M€) were generated in the first half of the year).

In the following table, we present the profit and loss account for 2023 divided per semester, showing a clear turnaround towards the operational excellence reached since the second quarter of the year not only thanks to the 'Tarifa Justa' migration but also to additional savings coming from all costs lines and businesses (Solar and Energy Management). In the second half of the year, the gross profit improved by 33% and normalized operating costs decreased by 24% with a direct impact on **normalized EBITDA, which turned from negative to positive, with a great turnaround specially in *Energy Management***.

With regards to ordinary EBITDA, the second semester minimizes losses vs the first half of the year and closes with accumulated losses amounting to 22.8 M€. Throughout the margin and cost optimization efforts performed throughout 2023, Holaluz has reached a much more efficient cost structure which has enabled the company to achieve **22.5 M€ of Normalized EBITDA** and **break-even point for the ordinary consolidated EBITDA** in the **last twelve months** (LTM) from April-23 to March-24, as presented in the chapter named "COMPANY'S OUTLOOK".

With this focus on unit economics and the optimization of its cost structure, Holaluz is very well positioned to continue its Normalized and ordinary EBITDA generation path.

€m	H1 2023	H2 2023	TOTAL 2023	% var S2 vs S1 2023
Sales	**323.5**	**291.0**	**614,6**	**-10%**
Gross Profit	**27.0**	**35.8**	**62.8**	**33%**
Normalized Operating Costs[12]	**-22.3**	**-16.9**	**-38.2**	**24%**
Normalized EBITDA[13]	**-5.4**	**9.7**	**4.3**	**-**
EBITDA Norm. EM	7.0	17.6	24.6	149%
EBITDA Norm. Solar	-12.4	-7.9	-20.3	36%
EBITDA	**-17.9**	**-4.9**	**-22.8**	**-**

[12] Same footnote comments #6. There is a reconciliation table between operating costs and normalized operating costs in page 13 of this Management Report.

[13] Same footnote comments #5. There is a reconciliation table between ordinary EBITDA and Normalized EBITDA in page 14 of this Management Report.

EBITDA EM	-5.5	3.0	-2.5	154%
EBITDA Solar	-12.4	-7.9	-20.3	36%
Consolidated Net Result	**-20.9**	**-5.3**	**-26.2**	**75%**

Balance sheet

Holaluz uses PPAs to buy a portion of the energy that it sells to its customers. At year-end, the Company and the Portuguese subsidiary Clidomer have signed a total of 46 PPAs (purchase of energy from renewable energy producers) for the physical delivery of energy at a fixed price at the beginning of the agreement and for a determined period, ranging between 1 and 10 years. These contracts, due to their nature (physical energy delivery), are not considered hedging derivative contracts. Consequently, they are not reflected in the balance sheet. However, the Directors consider that they must be considered to analyze the perspective and understand the Company's financial position as a whole.

The fair value of these contracts considering the MtM, that is, considering the amount of energy to be delivered, the period, and the expected price, amounts to 1.0 M€ (93 M€ on Dec, 31st 2022), of which 5.2 M€ are expected to materialize during 2024 and the rest, -4.1 M€, from 2025 onwards.

Consequently, to show cash flows, assets, and obligations for next year, the directors have decided to present the Company's balance sheet that would result from giving rise to the aforementioned PPAs (unrealised assets) as well as the related potential tax effect at December 31, 2023 and 2022 (for comparative purposes):

Assets[14]

	(normalized)		(acc/ PGC)	
€m	**31.12.23**	**31.12.22**	**31.12.23**	**31.12.22**
NON-CURRENT ASSETS	**78.9**	**124.2**	**78.9**	**84.6**
Intangible assets	34.7	31.7	34.7	31.7
Property, plant, and equipment	1.6	2.1	1.6	2.1

[14] The review of the normalized balance sheet is not part of the audit procedures carried out to review the financial statements for the year ended December 31, 2023, which are established in the verification of accounts in accordance with Spanish GAAP. The normalized balance sheet is obtained from adding the MtM of physical PPAs at 12.31.21, 1.0 M€, to the audited trial balance, in accordance with financial management reports of the Company.

	(normalized)		(acc/ PGC)	
Financial investments	8.6	52.6	8.6	13.0
Deferred tax assets	25.0	19.5	25.0	19.5
Long-term Periodification	9.0	18.4	9.0	18.4
CURRENT ASSETS	**102.0**	**246.2**	**96.7**	**192.9**
Inventories	4.3	14.0	4.3	14.0
Trade and other receivables	52.7	121.8	52.7	121.8
Financial investments	24.6	86.6	19.4	33.2
Short-term Periodification	12.5	13.6	12.5	13.6
Cash and cash equivalents	7.9	10.3	7.9	10.3
TOTAL ASSETS	**180.9**	**370.5**	**175.6**	**277.5**

According to the Plan *General Contable* (PGC) **at the end of 2023, Holaluz's consolidated balance sheet amounted to 175.6 M€** (277.5 M€ in FY2022). Non-current assets experienced a 5,7 M€ reduction, reaching a total of 78.9 M€, a consequence of long-term financial investments and a decrease in accruals. Current assets were reduced by 96.2 M€, closing 2023 with a total of 96.7 M€ as a result of a general decrease in all captions, particularly accounts receivable and short-term financial investments (see more detailed comments below).

Intangible assets increased by 3 M€, closing 2023 with a net book value of 34.7 M€. 2023 investment amounts to 14.3 M€, which includes the capitalization of work performed by the company of 8.8 M€ (7.0 M€ in 2022). The rest, 5.5 M€, corresponds to external collaborations with tech consultancy and development companies. **Holaluz defines itself as a technological company** that uses data and technology to minimize clients' electricity bills through maximum savings thanks to solar panel installations and flexible assets.

In particular, with regards to the *energy management* business, **the focus on R&D has been in the 'Tarifa Justa' migration project** (flat fixed rates billings), to optimize fixed fees and minimize regularizations (excess and deficiency vs expected and billed consumption). Another project worth highlighting has been the launch of the **first Cloud-based dispatching center** in Spain, to help the system operator (Red Eléctrica de España), enabling greater integration of renewable facilities and ensuring the quality of energy supply. It also allows for better resource management, improved response quality, and greater scalability.

In the **Solar business**, the investment focus has been on developing the **first virtual power plant (VPP) in Spain**, a network of thousands of batteries, EV chargers, and heat

pumps associated with residential solar installations spread all over Spain to provide flexibility to the grid and optimize consumption in the associated households. Another important development is the launch of the **Solar APP** (the mobile application that unifies customer experience from the electricity and solar generation points of view) and the **Holaluz Wireless** (solar surpluses management tool in second residences to offset consumptions in first residences where there is no option to install solar panels).

WIP intangible assets include 4.5 M€ as upfront fees to a professional consulting firm to develop a program to scale and automatize operations in the Solar business together with Holaluz, which was capitalized in January 2024.

There were no relevant investments in **tangible assets** except for the substitution of the hardware systems for employees.

Long-term financial investments caption closed 2023 with a balance of 8.6 M€ (13.0 M€ in FY2022), of which 6.6 M€ correspond to **loans for solar panel installations ("Rooftop Loans")** to be repaid in fixed installments over the next 15 years and charged on a monthly basis in the customer's electricity bill. These loans were granted as proof of concept to raise an SPV in order to finance a "renting/ leasing" product for solar installations. Holaluz has no intention of granting any further loans until the SPV is raised. No loans have been granted in 2023. Additionally, there are 1.2 M€ in **long-term derivatives** (4.7 M€ in FY2022).

The 25 M€ balance in Dec'23 in Deferred taxes include i) the **fiscal credit** coming from previous years' losses amounting to 12.5 M€; ii) 5.7 M€ **R&D deductions** to be applied in the income tax in the following years when the company reaches positive results; and iii) 1.5 M€ from **25% of derivatives MtM** and iv) 5.3M€ as temporary fiscal differences. .

In the preparation of the balance sheet, the ICAC's resolution dated February 10, 2021, has been considered, which sets forth that incremental costs of acquiring a contract shall be accounted for as current/non-current accrual in the balance sheet, whereas in the income statement, they shall be recorded under "Other operating expenses". This criterion has been applied in Holaluz since January 1, 2021. On December 31, 2023, a total amount of **18.1 M€** is capitalized under **non-current or current accruals** (29.3 M€ at December 31, 2022) for **incremental costs of acquiring customers**.

According to PGC **current assets amounted to at FY2023 96.7M€** (192.9 M€ in FY2022), of which 17.1 M€ correspond to derivatives (30.4 M€ in 2022). The significant reduction is explained by: i) **a decrease in gas stock** by 7.7 M€ (gas not consumed by clients in winter 2022-23 as the business was closed in Q422) plus and stock optimization in solar inventories; ii) **69.0 M€ reduction in accounts receivable** ('Tarifa Justa' migration since the second quarter of 2023 flattened billings and minimized seasonality in billings related to consumption, and a 7 M€ reduction in VAT debts from Spanish Tax Authorities); iii) **13.8**

M€ decrease in short term financial investments (derivatives); and iv) **cash reduction** by 2.5 M€.

Cash diminished by 2.5 M€ vs FY2022, with a 7.9 M€ balance at Dec'23. The **net debt** evolution is as follows:

€m	31.12.23	31.12.22
Non-current bank borrowings	16.0	23.4
Current bank borrowings	36.4	40.8
Other current payables	20.9	8.4
Cash	-7.9	-10.3
Net debt	**65.4**	**62.3**
Rooftop loans	-6.6	-7.5
Adjusted net debt	**58.8**	**54.8**

Rooftop loans are loans for solar panel installations granted to customers that are to be repaid over the next 15 years in fixed installments included in the monthly electricity bill. These loans are a proof of concept for raising an SPV; Holaluz has no intention of granting any further loans until the SPV is raised. The amount of the loans has been deducted since it is considered that they should not be part of the balance sheet in a continuing context of business activity, but rather be transferred to the raised SPV. No new loans have been granted in 2023.

In Dec '23, the **adjusted net debt amounted to 58.8 M€**, 4.0 M€ higher than in Dec'22. The increase is mainly due to the investment the Parent Company (Holaluz-Clidom, SA) is making to **fund the Solar business in terms of growth and scalability**, to create long-term value in both businesses, *Energy Management* and *Solar*, that work together in terms of profit generation. *Pagarés* balance (included in Other Current Payables) increased from 6.5 M€ in FY2022 to 19.8 M€ in FY2023, all of them returned at the date of signing these Annual Accounts and Management Report. Thanks to this short-term financing and the cash generated by the company since the second quarter of 2023, there has been a lower usage of credit lines (overdrafts and confirmings).

Liabilities[15]

[15] Same comment as footnote #14.

	(normalized)		(acc/ PGC)	
€m	**31.12.23**	**31.12.22**	**31.12.23**	**31.12.22**
EQUITY	**11.2**	**89.4**	**12.1**	**19.7**
Capital and reserves	16.6	42.8	16.6	42.8
Valuation adjustments	-3.7	46.6	-4.5	-23.2
NON-CURRENT LIABILITIES	**27.0**	**59.3**	**22.6**	**36.0**
Long-term debt	26.8	36.1	22.6	36.0
Deferred tax liabilities	0.3	23.3	0.0	0.0
CURRENT LIABILITIES	**141.0**	**221.8**	**141.0**	**221.8**
Short-term debt	63.8	77.6	63.8	77.6
Trade and other payables	77.1	144.0	77.1	144.0
Short term accruals	0.0	0.3	0.0	0.3
TOTAL LIABILITIES	**180.9**	**370.5**	**175.6**	**277.5**

Consolidated net equity decreased by 7.6 M€, affected by net losses of 2023, reaching a total balance of 12.1 M€ at the end of the year.

Net equity includes the caption **valuation adjustments** related to the recording of derivatives by **-4.5M€** in FY2023 (-23.2M€ in FY2022), according to PGC. This amount corresponds to 75% of the difference between the spot price on December 31st and the price at which hedging transactions were closed (25% of the MtM price is recorded in deferred taxes). It should be noted that this data is not complete within Holaluz's hedging strategy, as the impact of the MtM of the physical PPAs should be included, which gives rise to equity up to 12.9 M€ at year-end (89.4 M€ in FY2022). In 2023 there has been a relevant **reduction in the valuation adjustments** due to a significant part of the FY2022 derivatives balance having a maturity date in 2023, so the corresponding MtM has been recognised in 2023 Gross Profit (i.e. it is included in the 62.8 M€ previously commented).

At the General Meeting held on October 25, 2019, the shareholders resolved to increase capital through a public offering of shares paid with monetary contributions in order to increase the Company's shareholder equity by a maximum amount of 30 million euros (nominal amount + share premium). It was also resolved that all the shares issued through the said public offering be traded on BME Growth so that the Company's Board of Directors could execute the corresponding capital increase amounting to 30 million euros, fully paid in.

On September 30, 2021, the chance of carrying out potential acquisitions of electricity marketers, arose as a result of the upward trend in the wholesale market electricity prices, - this sped up our organic growth plan and 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.

Additionally, on December 10, 2021, it was resolved to carry out a capital increase through monetary contributions for an aggregate effective amount of 7.5 million euros (nominal amount + share premium), which was finally executed for a value of 6.7 million euros (nominal amount + share premium), fully paid in by qualified investors.

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 and 2023.

According to PGC, **non-current liabilities amounted to 22.6 M€** in FY 2023 (36.0 M€ in FY2022). Such reduction is mainly due to a 6.1M€ reduction in **long-term derivatives**, with a final balance in December of 6.6 M€ (12.7 M€ in FY 2022). **Long-term borrowings** also experience a 7.7 M€ decrease explained by a **lower usage of ICO credit lines**, a working capital financing product that is recorded as a non-current liability as it does not mature until 2026, which has been substituted by Pagarés financing (see more comments below). Both balances correspond to the Parent Company Holaluz-Clidom, SA.

Current liabilities, according to PGC, also experienced a significant reduction of 80.8 M€, closing 2023 with a **141.0 M€ balance** (221.8 M€ in 2022). **Short-term borrowings** decreased by 13.7 M€ due to: i) **short-term derivatives** 21.8 M€ reduction; and ii) an **increase in short-term debts with financial entities** by 8.1 M€, particularly short-term debts coming from Pagarés, with a 14.3 M€ increase. The FY 2023 Pagarés balance amounts to 19.8 M€ (6.5 M€ in FY 2022), all of them returned at the date of publishing these Annual Accounts and Management Report. **Accounts payable** also experienced a significant 66.9 M€ reduction, particularly in other payables by 50.9 M€. The low price environment all along 2023 has directly impacted the invoices to be paid to renewables producers.

The Company's average payment period to suppliers is 42 days, as disclosed in Note 16.1 to the financial statements 'Information on the average payment period to suppliers. Additional Provision Three. 'Disclosure requirements' of Law 15/2010, of July 5'.

Working Capital

In 2023 the Working Capital position of Holaluz-Clidom SA worsened relative to 2022 mainly due to the decrease in electricity prices, which typically impacts WC generation from route-to-market contracts.

€m	31.12.23	31.12.22
Working Capital	-20.1	-8.2
Accounts receivable + inventories	57.0	135.7
Accounts payable	77.1	144.0

Cash Flows

€m	31.12.23	31.12.22
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	**14.9**	**24.2**
Normalized profit/(loss) for the year before tax	-37.6	-8.7
Adjustments to profit	59.0	72.5
Change in working capital	-2.1	-36.8
Other cash flows from/(used in) operating activities	-4.5	-2.8
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**-18.0**	**-39.5**
Payments on investments (-)	-20.0	-39.5
Proceeds from disposals (+)	2.0	
CASH FLOWS FROM FINANCING ACTIVITIES	**0.7**	**15.8**
Proceeds from and payments on equity instruments	0,0	0.0
Proceeds from and payments on financial liabilities	0.7	15.8
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**-2.5**	**0.4**
Cash and cash equivalents at the end of the period	10.3	9.9
Cash and cash equivalents at the end of the period	7.9	10.3

In 2023 operating cash flows amounted to 14.9 M€ (24.2 M€ in 2022), mainly explained by non-cash hedging costs (in 'Other income / expenses'), whose outflow occurred in the fourth quarter of 2021 as explained in detail in our last year Management Report. In 2023, the amount recognised in the Parent Company's P&L amounts to -12.4 M€ (-48 M€ in 2022).

Operating cash flow decreased by 9.4 M€ compared to 2022 mainly due to losses in the Solar business. **Cash flow from investments** decreased from 39.5 M€ in 2022 to 18.0 M€ in 2023 as the company reduced its technology spending by focusing on the highest value added projects.

Thanks to the exercise of cost optimization and efficiencies in both businesses, the **free cash flow (operating + investment cash flows) has improved from -15.3 M€ in 2022 to -3.2 M€ in 2023**.

As a result, the **consolidated debt** did not materially change in 2023 vs 2022 (small 0.7 M€ increase).

Green Promissory Note Program (Programa Pagarés Verdes)

On November 21, 2022, BME's Fixed-Income Market (MARF) registered the first **Green Promissory Note Program (Programa Pagarés Verdes)** of Holaluz-Clidom, SA amounting to up to 100 million euros. Through this program, the Company has access to qualified investors within a strategy to diversify its funding sources. The program was renovated in October 2023 for the following 12 months. Holaluz structured the promissory notes issued under these Programa Pagarés Verdes 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.

On December 31, 2023, the Parent Company's financial statements included a financing facility for promissory notes issued on MARF amounting to 19.5 M€ (6.5 M€ in Dec '22) all of them returned at their due date along Q1'24.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In case of materializing the financing transaction detailed in Note 2.c, the Parent's Company Board has approved as a subsidiary path, and only in that case, all insolvency proceedings according to the Spanish law.

The 16th of January, 2024, a written amendment was presented with regards model 200 for Holaluz-Clidom, SA to the Agencia Tributaria (Spanish Tax Authority) as a consequence of the Tribunal Constitucional 11/2024, 18th January, sentence related to the unconstitutionality question 2577-2023. Such sentence stated null the limit to compensate credit taxes established by Real Decreto Ley 3/2016. At the date of issuing this Management Report and Annual Accounts, we have not received the requested amendment so, following prudence criteria, the Parent Company did not include the corresponding impact in Deferred Taxes Assets. The impact of this estimation for the Spanish Tax Authority is quantified in fiscal note.

COMPANY'S OUTLOOK

Holaluz has continuously shown its *ESG DNA* that it is possible to create an energy transition company with a real impact on people and the planet. The organization over-delivered on its 2023 guidance for Normalized EBITDA, amounting to 4.3 M€, due to **record unit economics** generated from the second quarter of the year, as a result of the migration of a large part of the portfolio of electricity customers to Tarifa Justa.

Proof of these positive trends in both businesses can be seen in the following table, where our P&L KPIs are shown for 12 months starting from April 23 until March 24: **Last Twelve Months period** (LTM).

Despite the very low energy price environment in Q1 '24, which affected turnover, Tarifa Justa and the gross profit improvements in solar installations meant the gross margin (commercial margin over sales without considering RtM sales) reached 31.4% in Q1'24 and improved Dec'23 22.2% up to 32.8% when considering the LTM period. The ERE closed in December 2023 (with a direct impact in personnel costs from January 2024). Additional OPEX savings (technology and marketing costs), can also be seen in the reduction in operating costs, down from 38.3 M€ in December 2023 to 36.1 M€ for the LTM period. Such **improvements in commercial margins and operating costs have positively contributed to the normalized EBITDA, reaching 22.5 M€** and 5.2x the normalized EBITDA of FY2023 (4.3 M€). **The EBITDA as per statutory accounts is at the break-even point.**

The ***Energy Management business*** continued to perform well, in line with the record profits reached in FY2022 (normalized EBITDA of 27.6 M€), beating the first quarter of 2023

and closing the year with 24.6 M€ of normalized EBITDA. **We expect 2024 to maintain the profitability of the last two years**, **with a normalized EBITDA between 24 and 27 M€** (Guidance published in October 2023). The LTM exercise shows a normalized EBITDA of 38.7 M€ (vs 24.6 M€ in Dec 2023), which is a 14.1 M€ increase (+57%).

The Solar business doubled its market share in 2023, reaching more than 3% at year-end with a similar amount of installations compared to 2022, despite the 50% market recession in the Spanish solar residential market in 2023. **Lead time was kept at a minimum within the industry** (45 days for the majority of clients), and we consolidated the **client's value proposition of 70% savings in their electricity bills for at least 75% of solar customers**. Up to 60% of solar customers choose an installation with a battery and pay zero euros for their electricity needs. **A strong focus on unit economics** has led the Solar business to **reduce its break-even point** from 800-1000 installations per month to 600 by year-end, and 350 by end of Q1-24. Thanks to these efficiencies we have been able to dramatically reduce losses in the first quarter of 2024 by 4.1 M€ (improvement of 62% vs. Q1-23). And thus we can confirm the Guidance provided in October 2023 to close the year 2024 with a negative EBITDA between 3-6 M€. Our goal is to continue working to reduce the break-even point below 300 installations per month.

€m	31.12.23	Q1 2023	9m 2023	Q1 2024	LTM Apr'23-Mar'24
Sales *(w/o RtM)*	283.1	91.3	191.8	50.9	**242.6**
Gross Profit	**62.8**	**-0.9**	**63.6**	**16.0**	**79.6**
Gross Profit / Sales *(w/o RtM)*	22.2%	-0.9%	33.2%	31.4%	**32.8%**
Normalized Operating Costs	-38.2	-11.7	-26.6	-9.5	**-36.1**
Normalized EBITDA	**4.3**	**-15.1**	**19.4**	**3.1**	**22.5**
EM Norm. EBITDA	24.6	-8.4	33.0	5.7	38.7
Solar Norm. EBITDA	-20.3	-6.7	-13.6	-2.6	-16.2
EBITDA	**-22.8**	**-23.1**	**0.3**	**-0.5**	**-0.2**
EM EBITDA	-2.5	-16.4	13.9	2.1	16.0

Solar EBITDA	-20.3	-6.7	-13.6	-2.6	-16.2

Holaluz will keep working on the construction of the biggest green energy community in Europe, materializing the potential of demand's electrification with the development of solar energy (distributed generation) and storage.

Our priorities for 2024 are:

- ensure **collective self-consumption** at a large scale;
- launch new **renting/leasing** subscription-based product;
- create the first **Virtual Power Plant** in Spain;
- increase **flexible asset** penetration (batteries and EV chargers);
- and continue with the **optimization** of our subscription-based product – **Tarifa Justa**.

These goals are included in our 5-year business plan, which also considers the corresponding investments in technology and client acquisition for the execution in both businesses: Solar and Energy Management. **Distributed generation is the solution to decarbonization challenges**: Holaluz offers the solutions and the technology to accomplish this aim to which we dedicate all our efforts.

RESEARCH AND DEVELOPMENT ACTIVITIES

As a technological company, continuous research activities are carried out, as well as investments in innovation to make the use of technology as is commonplace in the development of energy-related products and services to create an ecosystem of generation, consumption, optimisation and control of energy.

ACQUISITION OF TREASURY SHARES

The Parent Company has treasury shares for an amount of 0.2 M€ on December 31, 2023, pursuant to article 262 of the Spanish Corporate Enterprises Act. Treasury shares on December 31, 2023 account for 0.27% of the Company's share capital and amount to 60,044 shares (61,226 shares on December 31, 2022), at an average acquisition price of 4.19€ / share.

FINANCIAL INSTRUMENTS

The Parent Company considers that there are no risks that may affect its transactions other than those indicated in Note 17 to the financial statements.

NON FINANCIAL INFORMATION UPDATE

According to Law 11/2018, the Group's Non Financial Information Report (EINF) is included as annex in this Consolidated Management Report and explicitly belongs to it.

HOLALUZ - CLIDOM, S.A. and SUBSIDIARIES

Consolidated Management Report for the year ended December 31, 2023

AUTHORIZATION OF THE MANAGEMENT REPORT FOR ISSUE BY THE MANAGEMENT

Pursuant to prevailing legislation, the Company's management report for the year ended December 31, 2023 has 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 document by signing this single-sided page that accompanies the management report, which has been drawn up from page 1 to page 27.

Barcelona, May 3, 2024

Ms. Carlota Pi Amorós
Presidenta

Mr. Ferran Nogué Collgròs

Mr. Oriol Vila Grifoll

Axon Capital e Inversiones
Representada por
Mr. Alfonso Juan de León Castillejo

Ms. Elena Gómez del Pozuelo

Mr. Eduardo Soler Vila

Geroa Pensioak
Representada por
Mr. Jordan Saenz

holaluz

Integrated Report **2023**

Energy transition company, transforming rooftops into renewable energy production - connecting people to green energy.



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Letter from the CEO

13 years ago, we decided to change the world by founding a company **committed to decarbonising the economy by connecting people to green energy**.

Today, Holaluz is one of the **leading European energy transition companies, disrupting conventional methods of producing, consuming and managing energy in the country of the sun**.

Here at Holaluz, we propose a structural change: **shifting away the current energy model** – focused on non-renewables – towards a decentralised, decarbonised, accessible and zero-kilometre network, significantly reducing costs.

This change has been made possible, thanks to **The Rooftop Revolution**, enabling us to fulfill the potential of the electrification of energy demand through the **development at scale of Distributed Solar Energy and Storage**. Our Revolution has the potential to reach the ten million residential rooftops available in Spain, transforming them easily into small and affordable green energy producers for all.

It is worth highlighting that the potential of the **distributed energy model and demand electrification** is supported by the high levels of sunlight, existing grid and consumption patterns.

We propose a structural change: **transforming the current model of energy generation** into a decentralised clean energy network.

Thanks to this model, we estimate that Spanish families could save over 75 billion euros per year.

Taking things a step further, we aim to connect these transformed rooftop energy producers to local communities to take advantage of the surplus energy produced. All of this accentuates the company's positive impact while at the same time **democratising accessible zero-kilometre green energy**.

Earlier this year, **Sustainalytics** again ranked us the **number 1 worldwide company for ESG risk** within the sub-industry of independent energy production and traders and in July we received the **EcoVadis gold medal** for our performance in the area of sustainability.

ESG is in our DNA and our impactful business model not only allows us to generate economic benefits, but show it's possible to create a company with a real impact on people and the planet at the same time. **We have managed to avoid emissions of over 2.7 million tonnes of CO_2e** since we started on this journey and we're committed to the climate targets of the United Nations Framework Convention on Climate Change (UNFCCC) to keep the global temperature rise under 1.5 °C below pre-industrial levels.

Our team are a fundamental element of our work to create the biggest green community in Europe; a group of committed people who share a vision of a 100% renewable planet. Every member of our team, through their work, not only contributes to this objective, but **promotes the values of the company, enriching our genuine culture**. Here at Holaluz, we work tirelessly for gender equality, fostering the presence of women in management and technology roles and in the solar sector in general.

Every day, we reinforce our **commitment to the United Nations Global Compact**, aligning our work with the Ten Principles and maximising our contribution to the Sustainable Development Goals (SDGs).

All of this is thanks to all of you. Every member of the team, every investor and every one of our customers.

Ending the climate emergency by decarbonising the economy is within our reach. We just have to *keep rowing*, rooftop by rooftop, day by day.

Carlota Pi Amorós
Executive Chair and
Co-Founder of Holaluz



Key **figures**

Holaluz is committed to democratising solar power, transforming viable rooftops into small producers of affordable, green zero-kilometre energy for all. The company promotes a real impact on people and on the planet while generating an economic benefit at the same time. ESG is part of the organisation's DNA and allows it to deliver on this challenge, and the 2023 data back that up.

Business

+325,000 electricity contracts

+14,500 solar contracts under management

2,793 solar installations completed

821,722 MWh 100% renewable energy commercialised

€62.8 m gross margin

33% (100%) taxonomic OPEX*

44% (100%) taxonomic CAPEX*

4% (100%) taxonomic revenue*

€4.3 m normalised EBITDA

Social

463 people on the team[5]

41% women on the team

€207,400 donations to foundations and non-profit organisations

29% women on the Board of Directors

-1% salary gap

8.3/10 solar customer satisfaction

4/5 points on Trustpilot

>80% first contact resolution

Sustainability

103.3 points B Corp[1]

11.6 points MORNINGSTAR | SUSTAINALYTICS[2]

73/100 points ecovadis[3]

Environment

58% reduction of carbon footprint

51,410 t CO_2e market based carbon footprint

2.7 m t CO_2e total emissions avoided[4]

100% recycling of electronic waste and solar panels

90% of recoverable waste

Governance

€13m investment in digitalisation R&D

100% Board of Directors attendance

29% independent members on the Board of Directors

1. B Corp evaluation score for 2022. A higher score indicates a greater impact on society and the planet. 2. ESG risk score from Sustainalytics for 2023. A lower score indicates the company has a lower risk exposure. 3. Sustainability performance score from EcoVadis for 2023. A higher score indicates better performance in the environment, social and ethical spheres. 4. Recalculated taking into account the years 2010-2015, the estimated consolidated emissions factor for the mix in 2023 according to REE press release of 19 December 2023. 5. Number of people calculated in the system headcount as of 31/12/2023. *The value of the indicator, included in parentheses, encompasses the activities related to the supply of 100% green electricity and representation in OMIE. Although these are not currently considered eligible activities according to the Taxonomy because they are not listed in the Climate Delegated Act or the Environment Delegated Act, these two activities are essential for achieving the European Union's climate goals. Therefore, the EU may expand the activities considered in the Climate Delegated Act by incorporating them.

Milestones 2023

The organization meets its **normalized EBITDA guidance** (+4.3 M€ in 2023) and reaches **+22.5 M€** in the last twelve months (between April 2023 and March 2024) thanks to the improvement in the company's unit economics and the shift of the majority of the energy management client portfolio to the 'Tarifa Justa' product.

The **energy generation** business has again performed very well, building further on the record results of 2022, showing a record gross margin of €50.6 m and **normalised EBITDA of €24.6 m** in line with the €27.6 m reached in 2022, which included the profit from the gas distribution business than the company decommissioned in the last quarter of 2022. The changeover in the customer portfolio to the **fixed 'Tarifa Justa' subscription product** has reduced the cost of serving these customers by 59% compared to 2022.

Holaluz **has doubled its market share** in the **Solar** business in 2023, exceeding 3% at year-end and putting us on the same level as the leading residential solar energy companies in Europe. The company has maintained similar levels of sales to 2022 despite the 50% deceleration of the market. Holaluz has continued to maintain the **shortest delivery time** in the sector for solar installations (45 days for most customers), and a **solar customer satisfaction rate** of 8.3/10. The unique value proposition of Holaluz means 75% of solar customers save more than 70% on electricity bills, and 60% of users with a solar installation with a battery pay zero euros for their electricity consumption needs.

Given the focus on unit economics, **Holaluz has managed to reduce its break-even point in Solar from 800-1,000 installations per month to 600** in 2023 and 350 installations at the end of Q1-2024, thanks to:

- 14% increase in the average size of installations compared to the start of the year,
- 15% penetration of flexible assets like batteries (supported by the agreement to distribute Tesla Powerwall batteries),
- 20% year-on-year improvement of COGs due to initiatives aimed at reducing the purchase price of components and management costs, and
- a year-on-year reduction of 33% on the acquisition cost of solar customers achieved through the diversification of acquisition channels, with agreements such as the one reached with Banco Santander.

Holaluz, with its **ESG DNA impact business model** has continued to show that it is possible to build an energy transition company with a real impact on people and the planet. In January 2023, **Sustainalytics** once again ranked the company **number 1 in the world for ESG** (lowest ESG risk exposure) within the independent energy producers category. In July, we also received the **EcoVadis gold medal** for its sustainability performance.

Holaluz has continued to advance with its climate commitment, defining **science-based emission reduction targets and the decarbonisation plan** which have been presented to SBTi for validation. The company also consolidated its **Environmental Management System,** obtaining ISO14001 certification from Aenor for the design and installation of photovoltaic systems and energy management at its main warehouses and offices.

The Group has consolidated its **excellence in customer satisfaction** maintaining throughout the year the highest rating in the industry on **Trustpilot** –a platform that compiles user reviews–, with a 'Very good' rating and four stars (4.0 points), based on over 5,400 customer reviews.

Looking ahead to 2024

The organisation continues to build the **biggest green energy community in Europe** realising the electrification potential of energy demand with the development at scale of distributed solar energy and storage. Holaluz has five strategic priorities for 2024: ensuring the large scale deployment of **collective self-consumption**; launching the subscription-based **renting**/ **leasing** product; creating Spain's first **Virtual Power Plant**; increasing the penetration of **flexible assets** (batteries and EV chargers); and continuing to optimise the star subscription product in Energy Management, our **'Tarifa Justa'**.



Recognitions

Holaluz's impact business model has been recognised by various international organisations, attesting to the company's contribution to the planet and society.

Certified B Corporation

In 2018, Holaluz was the first European energy company to join the **B Corp movement,** which aims to transform the global economy to benefit people, communities and the planet. In 2022, the company updated the impact assessment, obtaining a higher score and top position among companies in Spain with revenue above 1.5 million.

WE SUPPORT UN GLOBAL COMPACT

SUSTAINABLE DEVELOPMENT GOALS

As **a member of the United Nations Global Compact**, the company is committed to implementing the universal sustainability principles across its operations and maximising its contributions to the SDGs.

ecovadis

EcoVadis Gold Medal (73/100) awarded for its sustainability performance, placing Holaluz among the top 5% of companies with the best rating within the global universe of this organisation.

ESG INDUSTRY TOP RATED

In January 2023, Holaluz obtained **first place worlwide in the independent energy producers category of the ESG Risk Ranking by Sustainalytics**, the leading agency for ESG research and rankings, the best rating in the industry (utilities).

Trustpilot

Rating of **4 out of 5 stars on Trustpilot**, a platform that compiles customer reviews. In 2023, Holaluz maintained the highest rating in the industry, with a 'Very good' rating and four stars (4.0 points) from over 5,400 user opinions.

BUSINESS AMBITION FOR 1.5°C

In 2022, Holaluz joined the **Business Ambition for 1.5°C** initiative, committing to science-based emission reduction targets for the short and long term.
In 2023, the company presented its targets and decarbonisation plan to the **Science Based Target Initiative (SBTi)** for validation.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

baby friendly companies

First Spanish electricity company to receive the Baby-Friendly Company certificate awarded to companies that foster work-life balance.

TRANSPARENCIA ALGORÍTMICA
Certificado por adigital

Algorithmic Transparency Certificate from Adigital, demonstrating the company's commitment to a future of transparent, explicable and inclusive AI.

CONFIANZA ONLINE

The **Confianza Online Seal,** which guarantees maximum transparency, security and trust when nuying and browsing on web spaces.

AENOR GESTIÓN DE LA CALIDAD ISO 9001

AENOR GESTIÓN AMBIENTAL ISO 14001

AENOR HUELLA DE CARBONO CO_2 VERIFICADO ISO 14064

Operational Excellence Certified for the following standards:

- **ISO9001** (Quality Management System) for Customer Care team.
- **ISO14001** (Environmental Management System) at offices and main warehouses.
- **ISO14064** and **GHG Protocol** certification on the greenhouse gas emissions (GHG) inventory across all three scopes.

Founding company of Conscious Capitalism in Spain, whose philosophy recognises the innate potential for businesses to make the world a better place.

CAPITALISMO CONSCIENTE®

Harvard Business School

IESE Business School University of Navarra

Business Case Study on the 'Tarifa Justa' subscription model published by IESE Business School and Harvard Business School.



A company to **change the world**

We propose a **transformation of the current energy model** into one based on renewable sources and distributed generation

Company

Business	2023	2022
Electricity contracts (no.)	**+325,000**	+300,000
Solar contracts under management (no.)	**+14,500**	11,384
100% renewable energy commercialised (MWh)	**821,722**	1,045,809
Solar installations completed (no.)[6]	**2,793**	3,412
Installed power (kW)[7]	**14,317**	18,856
Sustainability		
B Corp Certification (score)	**103.3**[8]	97.1[9]
Sustainalytics (score)	**11.6**	12[10]
EcoVadis (score)	**73/100**	-

"The Rooftop Revolution allows us to **democratise access to** accessible, zero-kilometre green energy".

Carlota Pi Amorós,
Executive President and Co-Founder

6. A reduction in the number of solar installations completed was observed compared to the previous year, attributable to the fall in the residential solar energy market in Spain in 2023, of between 49% and 54% according to UNEF and APPA.
7. A reduction in the installed power was observed compared to the previous year, attributable to the fall in the residential solar energy market in Spain in 2023, of between 49% and 54% according to UNEF and APPA.
8. B Corp Impact Assessment score for 2022. This score is valid for three years. After this time, B Corp requires companies to update their B Impact Assessment and verify their performance to retain their certification. A higher score indicates a greater impact on society and the planet.
9. B Corp Impact Assessment score for 2018.
10. ESG risk assessment score from Sustainalytics for 2020. A lower score indicates the company has a lower risk exposure.



About **Holaluz**

Holaluz is an energy transition company created with the aim of, and committed to, the decarbonisation of the economy and achieving a world powered by green energy.

The company proposes a structural change: transforming the current centralised and polluting energy generation model into **an ecosystem of clean, decarbonised, democratised and affordable energy thanks to distributed energy** through **The Rooftop Revolution**.

This initiative consists of transforming residential rooftops into green energy generators and connecting them to nearby customers' homes through an advanced technology platform and using the proximity network. All of this accentuates the company's positive impact while at the same time democratising accessible zero-kilometre green energy.

This ecosystem of producers and consumers of decentralised renewable electricity benefits everyone: customers, the environment and the electricity system.

Customers can benefit from better rates while simultaneously generating and consuming 100% green electricity, while the system reduces the need for investment in transmission and distribution networks and minimises the losses of the system by requiring fewer large scale centralised production assets.

To date, Holaluz has managed to consolidate its **position as a leading energy transition company in Europe**, transforming over 14,500 rooftops into green energy producers and consolidating a portfolio of over 325,000 electricity contracts. The company holds the top position in terms of savings, with an average reduction of 70% in electricity bills for current customers, and offering a bill of less than 0 euros for over 40% of new solar customers. It also has the highest level of solar customer satisfaction, with a rating 8.3/10 and a 4-star rating (4/5) on Trustpilot.

The distributed generation model responds to the challenge of the energy transition in the most efficient and sustainable way. **Spain could be a leader in the distributed model**.

Spain has **over 10 million residential rooftops with potential for solar to supply 26%** of the country's electricity demand. Solar generation could cover the consumption of every home in Spain and there would still be some surplus energy for companies, public buildings and other supplies.

A firm purpose: decarbonising the world economy

In 2010, Carlota Pi, Oriol Vila and Ferran Nogué decided to change the world and founded a company with the purpose of decarbonising the economy with the ultimate aim of creating a planet powered 100% by green energy.

2010

Holaluz founded in Barcelona.

2011

Green Natives.

2016

Values and customer focus defined.

2017

Self-consumption installations execution.

2018

Elimination of sun tax.

- First shared self-consumption installation.
- Joins B Corp movement.

2019

Initial Public Offering (IPO).

2020

Ranked number 1 worldwide for ESG risk exposure by Morningstar Sustainalytics.

2021

Launch of The Rooftop Revolution.

2022

Development of the green energy community with the biggest impact on Europe.

2023

Focus on unit economics to establish the basis for strengthening or extending strategic partnerships with Tesla and Santander.

Although the company operates in Spain, it holds operating licences in Portugal. Furthermore, as part of the commitment to the local economy, most of the suppliers producing renewable energy are based in Spain.

Purpose, Vision and Values

For Holaluz, 'what you do' is just as important as 'how you do it'. Our purpose, vision and values guides the way we work

Purpose

Holaluz is an energy transition company founded with the goal of decarbonising the economy and the firm purpose of achieving a world run by 100% green energy.

Vision

To build the the most impactful green energy community in Europe by unleashing the full potential of electrifying energy demand by scaling distributed Solar and Storage.

Values

In the belief that a company can be a tool to change the world, these are the values that define Holaluz.

#EsPosible

Holaluz was created to change the energy model and achieve a planet run entirely by renewable energy.

#HaveFun

Changing the energy model should be fun, which is why Holaluz wants to strike the right balance between hard work and fun to achieve its objectives.

#SayThingsAsTheyAre

At Holaluz, nobody is afraid to speak their mind. The company encourages employees to be honest and capable of speaking up if they do not like something.

#KeepRowing

Holaluz believes in responsible, self-sufficient teams, capable of organising themselves to achieve shared, mutually agreed objectives to transform the sector. That's why the company works by projects and objectives.

#AlwaysPeopleFirst

Holaluz works in an integrating and human way, prioritising integral development of its team, focusing on its customers and building good relationships based on transparency, honesty, and simplicity to inspire confidence for growth and sustainability.

The path towards decarbonization

Climate change presents the greatest challenge that we face. **Distributed generation** makes it possible to **decarbonize all energy consumption in the Spanish residential sector** by solving five main challenges[11].

1. Replacing fossil fuels with renewable energy production sources

Distributed generation enables the **swift** integration of **renewable energy sources**, leveraging the potential of Spain's **10 million residential rooftops** (INE, 2023)[12].

Our rooftops can meet the entire **residential energy demand in Spain**. Currently, less than 5% of the country's residential roofs have distributed energy generation systems (UNEF and APPA, 2024)[13] compared to more than 20% in Northern Europe (RenOnBill, 2020; BSW-Solar, 2023)[14] despite two solar panels in Spain producing as much energy as **three** in Germany or the Netherlands (Solargis, 2021)[15].

Solar energy is the largest renewable energy source worldwide. The IEA predicts that this year, more distributed solar energy will be installed in Europe than utility-scale solar energy. **Distributed generation** is poised to become **the leading source of renewable energy in the EU**, with significant potential for growth in the coming years (IEA, 2023)[16].

2. Electrification of a growing energy demand

The IEA predicts that electricity demand will **triple** by 2050[17]. Distributed generation facilitates the **renewable electrification** of all energy consumption vectors: fossil fuel-generated electricity, petrol and natural gas. This **enables millions of families to significantly reduce their energy bills**.

Based on data provided by IDAE, Holaluz has internally calculated that the average household in Spain spends €4,220 per year in energy bills, including electricity, gas and fuel. Distributed generation offers the opportunity to transform these variable costs into an investment. By investing in solar panels, batteries, electric car chargers, or aerothermal installations, an average family can amortize the investments in 5 to 10 years.



11. See the full report **The Rooftop Revolution: an alternative path towards decarbonisation**on our website. 12. Holaluz internal calculation based on INE data (consulted in April 2023).
13. Internal calculation based on data from the installed base submitted by UNEF and APPA in January 2024. 14. Internal calculation based on data from RenOnBill (15.5 million residential rooftops) and BSW-Solar (over 3 million solar rooftops installed). 15. Own calculation comparing photovoltaic electric potential values between Germany (1.000 kWh/kWp) and Spain (1.500 kWh/kWp). Solargis. 16. Renewable Energy Market Update. International Energy Agency, 2023.
17. Net Zero by 2050 - A Roadmap for the Global Energy Sector.



3. A greater need for flexibility to operate in a 100% renewable energy-powered system

Distributed generation offers system **flexibility** by **coordinating a set of Distributed Energy Resources** (DERs), such as batteries, electric cars or heat pumps in a Virtual Power Plant (VPP).

Distributed generation systems with storage offer four fundamental key advantages over storage systems connected to centralized generation sources, such as hydraulic pumping or utility-scale batteries:

- decentralized systems experience **better economics** due to day/night price arbitrage and lower tolls and taxes, which increase consumer self-consumption;
- they require less investment as they **can be installed on the same day as solar panels**, unlike pumped-storage systems that have long permitting and construction times;
- decentralized systems also protect households against power outages;
- when aggregated to Virtual Power Plant models, they provide supply and demand flexibility to the system. In Germany, Next Kraftwerk's VPP already coordinates aggregated resources equal to 12 GW of power, which is 10% of all installed power in Spain (Next Kraftwerke, 2023)[18].

Scaling up distributed storage is our best asset for **achieving the 81% renewable penetration target in 2030 of the PNIEC** (European Commission, 2023)[19]. According to Solar Power Europe's Market Outlook, across the European Union as a whole, **27% of households with photovoltaic rooftops have also installed a battery behind the meter**[20]. The cost of storage systems will decrease due to the emergence of new technologies, such as sodium batteries, and increased global production. This trend will reduce costs and increase penetration in the coming years.

18. Next Kraktwerke, 2023. 19. Plan Nacional Integrado de Energía y Clima 2023-2030.
20. Solar Power Europe. European Market Outlook For Residential Battery Storage 2022–2026.



4. Designing the power grid to accommodate the new energy model

Distributed generation requires **less investment in transportation and distribution networks** compared to a centralized model, as it **reduces extra charges for domestic customers by 18% due to losses in the electricity transport system** (CNMC, 2020)[21] and because energy is produced in the area where it will be consumed.

According to its 2023 **Action Plan for Grids**, the European Union estimates that the modernization of power grids in its member states will require **an investment of 584 billion euros** over the next decade (European Commission, 2023)[22]. Spain alone has approved an investment of 7 billion euros over four years on its transportation network through the "Electricity Planning 2021-2026" (REE, 2020)[23].

Distributed generation can significantly reduce costs. Australia aims to achieve zero emissions in its electricity system by 2050, with up to 45% of its electricity generated through a decentralized system using consumers' rooftops (Energy Networks Australia, 2018)[24]. The roadmap also emphasizes consumer participation, flexible resource valuation, and grid electrification and digitalization.

It is estimated that the deployment of the plan will result in savings of up to 41 billion euros for the electricity sector between 2017 and 2050[25], in terms of spending on distribution and transmission networks as well as distributed energy deployment. Each GW of distributed generation installed provides a direct benefit of over 630 million euros[26] to the system. **In other words, a distributed generation installation provides a direct benefit to the system equivalent to 40% of the cost of the average installation**[27].

On the other hand, compared to the immediacy of distributed systems, building and processing new high and medium voltage grids to integrate new centralized generation plants can take up to an **average of 10 years**, depending on the project's characteristics, with a large associated environmental impact as concluded by Red Eléctrica de España (REE, 2019).

21. Circular 3/2020, of 15 January, of the Spanish National Markets and Competition Commission, establishing the methodology for the calculation of electricity transport and distribution fees. 22. EU Grid Action Plan. 23. Plan de Desarrollo de la Red de Transporte de Energía Eléctrica 2021-2026. 24. Electricity Networks Transformation Roadmap. Energy Networks Australia, 2018. 25. The report uses the reference currency of Australian dollars. We have applied an exchange rate of 1AUD-0.6EUR. 26. Australian plans to roll out distributed energy of close to 65 GW in the period 2017-2050, saving almost 41 billion euros on distribution and transmission grids and distributed energy, according to a report by Energy Networks Australia. 27. Own calculation based on average installation data from UNEF and APPA 28. Hacer posible la transición energética. Red Eléctrica y la integración renovable.

5. Respecting the environment and benefiting society

Distributed generation **minimizes its impact on the environment** by utilizing **existing rooftops for systems installation**. In contrast, centralized generation models have a significant environmental impact and often result in disputes over land use for the plant and transportation and distribution grids, leading to project delays and cancellations.

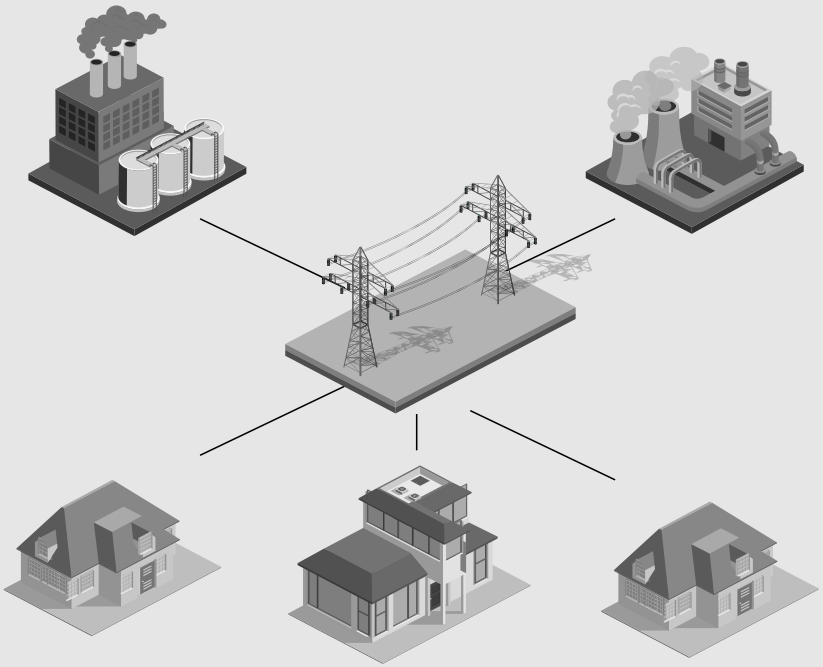
In addition, distributed generation transfers the economic benefits of decarbonization directly to the consumer, promoting the **creation of high quality, permanent jobs worldwide** (the construction and maintenance of thousands of small production plants creates twice as many jobs as the building and maintenance of a few larger ones)[29]. It also fosters the development of **new energy sharing schemes**, such as collective self-consumption or energy communities.



29. Own calculation comparing employment generated by utility-scale photovoltaic projects and residential Distributed Generation.

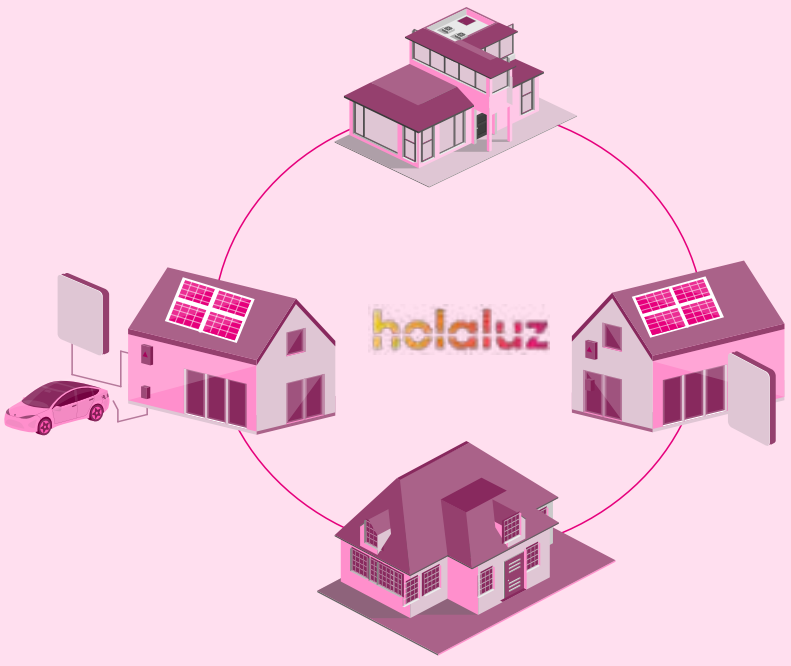
An impactful business model and a unique value proposition

Holaluz's distributed generation model aims to maximise the potential of every rooftop, as we **transition** from an expensive, pollutant, centralised **oligopoly** with low consumer participation to a decentralised, decarbonised, democratised and affordable clean energy **network.**



Centralized oligopoly, polluting and with very expensive T&D costs

From To



Decentralized network of decarbonized, democratized and affordable clean energy by dramatically reducing T&D costs

*T&D: transport & distribution

This proposal allows for the distribution of the solar energy generated in excess of self-consumption and serves as the basis for preparing consumers for the future and the necessary electrification of demand.

With this proposal, Holaluz offers:



Savings

The company provides the **maximum savings** (savings of more than 70% for over 75% of clients) to its customer through rooftop **maximization and energy management of flexible assets** like batteries, EV chargers and heat pumps.



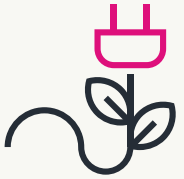
Subscription model

Holaluz is the only company to **guarantee the savings delivered** to its clients after solar installation through a **monthly fixed subscription-based invoice** (Tarifa Justa), leveraging our technology and data. The company is also working on the launch of a product called 'solar energy as a service' at no initial cost to further improve the accessibility of distributed solar energy.



End to end customer relationship

The company manages the **end-to-end installation process, delivering its solar systems in less than 45 days** for most customers. The installation is constantly monitored thanks to a **technological platform and maintenance product** which ensures the maximisation of its production.



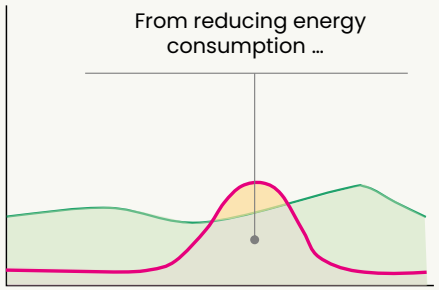
Sustainability

Holaluz guarantees all its electricity is sourced from **100% renewable** origin, both from neighbouring decentralized customers and centralized PPA plants. The company is the **#1 ESG player worldwide** in its category (Independent Power Production and Traders). Sustainability is ingrained in the company's DNA and at the core of all decision.

Maximise the production potential of rooftops

The model proposed by Holaluz maximises the production potential of every rooftop with the installation of as many solar panels as possible as opposed to a standard self-consumption system. Surplus energy is transformed into direct savings on the electricity bill (delivered through our fixed-rate product 'Tarifa Justa') and shared with customers without a rooftop within a 2 kilometre radius through the proximity network using the collective self-consumption model. This also prepares customers for the electrification of energy demand, with the penetration of electric vehicles and aerothermal energy to replace gasoline and natural gas consumption.

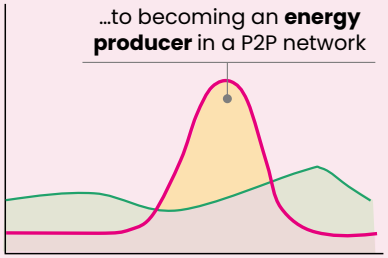
Typical solar installation



Energy production capacity is adjusted to **consumer demand**
The main goal is **self-consumption**

VS

Our solar installation



Energy production capacity depends on **maximum rooftop potential** in order to **cooperate** with the whole local community

Consumption
Production

Flexible assets, such as batteries and EV chargers also allow the company to maximise savings while adding flexibility to the entire domestic electric system through coordination in 'Virtual Power Plants' models.



The green electricity subscription model: 'Tarifa Justa'

In 2023, Holaluz completed the transition of its electricity portfolio to the 'Tarifa Justa' product, a decision that has proven highly beneficial for both customers and the company. The 'Tarifa Justa', a fixed monthly rate, simplifies billing and reduces the volatility of monthly costs for customers. Holaluz was the first Spanish electricity company to introduce this flat pricing green electricity system and in November 2020, Harvard University published a case study on the experience.

Harvard Business School

In 2018, Holaluz was the **first company** to introduce **a flat rate for electricity ('Tarifa Justa') in the Spanish market**.





Its key principles are:

- **Customisation**: The customer pays a rate which is adjusted to their own consumption needs. The user decides where and how to apply savings.
- **Protection**: The same amount is paid each month thanks to the price of electricity and surpluses being shielded for 12 months[30].
- **Simplicity**: Holaluz assumes responsibility for everything. The customer always knows how much they're going to pay while the company monitors consumption using advanced data.

The 'Tarifa Justa' offers the customer unique value:

- **Annual monthly rate**: At the end of the year, the new rate is calculated based on actual consumption over the year.
- **Any remaining balance of fees paid over costs of actual consumption returned to the customer**: If the customer has paid more than they consumed, Holaluz returns the difference.

This change has brought with it multiple benefits, including:

- **Improved customer experience**: Thanks to the predictability and simplicity of the 'Tarifa Justa'.
- **Significant operating efficiency**: External call centre costs have been reduced by 59% year-on-year by minimising customer contact needs given the simplicity of billing.
- **Improvements to the churn rate and reduction of non-payment**: The product has demonstrated continuous improvement of customer retention, which has had a positive impact on non-payment levels, attributable to greater customer satisfaction.

Green energy technology, thanks to the unique value of combining Energy Management with Solar, allows the company to offer this product not only to its electricity customer portfolio but also to solar customers. That means that solar panel owners can calculate the fixed monthly saving of their installation.

30. Except variations in tax items.

Strategic partnerships to foster distributed solar energy

In 2023 Holaluz has established strategic partnerships with key partners committed to the promotion of distributed solar energy with the aim of driving the energy transition in Spain.

The company has achieved a **monthly penetration of 15% of the home** battery market since launching the product.

Santander

In January, Holaluz and Banco Santander signed an agreement to lead the energy transition in Spain. Thanks to this partnership, customers of the bank can reduce their electricity bill to zero with the installation of Holaluz solar panels in their homes, financing the installation through the bank's line of green financing.

TESLA

In May, Holaluz announced a hugely important agreement with Tesla for the commercialisation and installation of Powerwall home batteries in Spain. The company has achieved good monthly sales of batteries since the launch of the product, which has increased the profit per installation, delivers savings to customers and offers a solution to those customers who suffer from micro outages and interruptions to their home power supply.

ManoMano

Also in May, Holaluz and ManoMano, Europe's leading e-commerce company specialising in DIY, gardening and homeware, came together to foster the energy transition in Spain. This collaboration offers users of the online platform the possibility of joining the energy transition by installing Holaluz photovoltaic panels in their homes.

YOUNITED

In July, Holaluz and Younited Credit, Europe's leading instant credit provider for the digital economy, signed a partnership agreement that allows the company to recommend Holaluz's solar installation solution to some customer segments in Spain in order to explore new lines of business and meet the company's sustainability objectives.

Planeta Huerto
CULTIVA TU VIDA

In October, Holaluz and Planeta Huerto, the most sustainable e-commerce platform in Spain, signed a partnership agreement allowing active users of the platform to join the energy transition installing Holaluz photovoltaic panels in their homes.

veritas

In December, Holaluz joined forces with Veritas, the leading organic supermarket in Spain. This collaboration allows Club Veritas members and company's own staff to join the energy transition with the installation of Holaluz solar panels or connecting to 100% green energy. Holaluz staff also have a 4% discount on purchases from Veritas supermarkets, including online.

Technology and data

For Holaluz, data and technology are an essential lever to make it possible for the company to realise its purpose. That's why both areas have an **organic role within the organisation**, capable of providing strategic value internally and externally.

Data: key to efficiency

Thanks to the combination of data, machine learning algorithms and Artificial Intelligence (AI), value can be created for new and existing customers, generating additional revenue and maximising commercial efficiency.

So, if 2022 was the year the Data area took on greater emphasis, 2023 has been the year of its **consolidation within the company**. This new dimension has seen a special focus on areas like:

Sales and Marketing

- Creation of a machine learning algorithm that calculates a potential solar customer's propensity to buy, and on this basis, assigns them to the most suitable sales representative circuit.
- Continuous implementation of A/B testing on the website to improve the experience of those accessing holaluz.com.
- Clustering techniques for different geographic areas based on their attraction and potential for growth.
- Identification of the principal bottlenecks and sticking points (Pareto analysis).

Commercial Margin Control

- Development of automatic mechanisms to detect energy consumption patterns significantly above or below expected consumption. This way, we ensure the energy rate offered to customers is in line with real consumption.

Operations

- Detecting the incidents with the greatest impact on users to be able to carry out corrective actions in both the installation process and in customer service.

Holaluz is also immersed in the development of various pilot projects which, thorough the use of Natural Language Processing (NLP) models and generative AI[32], help improve certain business processes. For example, in 2023 we explored an automated classification model for messages sent by customers with the aim of exploring this line of work.

32. Generative AI uses machine learning models to learn the patterns and relations of a data set of content created by a human.

Investment in digitalisation R&D

	2023	2022
Total in €m	**13.0**[31]	15.5

31. A reduction in R&D investment was observed due to the fact that in 2022 it was necessary to create more "base" processes and systems to scale up the solar business.



Transparency and responsibility

In 2023, Holaluz participated in an initiative promoted by Adigital to develop the first **Algorithmic Transparency Certificate** and is currently one of only three companies in Spain that form part of the pilot and one of the first to be awarded the certificate. This certificate reaffirms the company's commitment to a future with transparent AI that is explicable and inclusive, contributing to digitalisation and the country's economic improvement. It also means being ahead of the regulation in this area.

TRANSPARENCIA ALGORÍTMICA
adigital

Holaluz works for a **responsible AI** which is in line with the values of the company and its ESG strategy.

Technology

The technology team is committed to disrupting the energy model through experimentation and implementation of new technologies, adhering to high standards of sustainability. Each project and technology decision is chosen based on the value of the innovation and the environmental impact.

Based on this concept, throughout 2023, several technological projects with global impact have been explored, developed and consolidated, both within the company and the sector.

- **First cloud control centre in Spain**: Holaluz has commissioned the first cloud control centre together with Amazon Web Services (AWS) and Green Eagle Solutions. Holaluz's new energy management technology platform aims to assist the Grid Operator (Red Eléctrica) to balance generation and demand at all times, allowing for greater and better integration of renewable installations and ensuring the quality of energy supply. It also allows for better management of the resources, a higher quality of response and better scalability.
- **Virtual Power Plant (VPP)**: Project aimed at creating and eveloping Spain's first Virtual Power Plant (VPP), formed by thousands of Behind-The-Meter (BTM) batteries, EV charging stations linked to distributed residential solar installations located around Spain.

  A VPP is based on the aggregating distributed generation and consumption systems that provide flexibility to the electricity system and allows optimising the home's energy consumption to bring the cost down. By incorporating energy sources, flexible consumer assets and storage, a VPP offers the customer three additional advantages: it allows to maximise self-consumption of energy and sell surplus energy to the market at the time when prices are at their highest; facilitates the optimisation of the power terminal for customers given that a battery can provided electricity when the home has power peaks; and can provide system flexibility services on both the supply and demand sides. A VPP also allows for the provision of 100% renewable energy to the system at night when fossil fuel energy has a higher level of participation.

- **Solar App**: Mobile application that unifies the customer experience from two points of view: distribution of electricity and solar production, allowing the user to browse information on their solar installation and their consumption and bills from the grid. This way, the app involves those customers in the process, reaching ratings of 4.6 for iOS and 4.5 for Android, among the highest on the market.



- **Data Platform**: Holaluz is improving the data management layer that contains information from customers, distributors, REE, solar production and meteorology. This is a medium to long-term project that seeks to consolidate the data, adapting the integrations with different services that need the database to generate value.

- **Holaluz Wireless**: a unique proposal with added technological value making it possible to operate a photovoltaic installation profitably at a second residence, or increase the savings generated by an installation at the principal residence with the solar surplus, thus allowing owners of more than one home to reduce their total electricity bill.

- **V2Market Project**: Holaluz is continuing its participation in the V2Market Project for another year. This is a European initiative part of the Horizon 2020 programme, which is focused on researching the best way to take advantage of EV batteries as a storage and flexibility solution for the electricity system.

  Within the framework of this project, the company is leading the residential pilot project, launching in the first quarter of 2024, the purpose of which is the implementation of smart charging (V1G). The main objective is to research how we can change the charging habits of users to align with energy market fluctuations, and at the same time endeavour to ensure the charging station is powered with green energy, is economical and has a minimal impact on the electricity grid.

Holaluz's Solar app **unifies the customer experience**, allowing them to access all the information on their installation, consumption and bills in the same place.



Strength of the brand

Holaluz is a company that wants to change the world and does so by putting the customer at the center of all its decisions.

A Brand Tracking study carried out from January-December 2023 confirms that Holaluz is positioned as an innovative company different from the others both among its own customers (32pp above the market, normalised coefficient[33]) and non-customers (+52 pp). It is also recognises as green energy company among its customers (+53 pp) and non-customers (+19 pp).

This recognition has been achieved thanks, mainly, to the following factors:

- **Leading the energy transition** through The Rooftop Revolution.
- **1st green energy company** to complete the first shared self-consumption installation in Spain.
- A company that **pays out surpluses early** on the first bill post-installation, without waiting for legal processes.
- Promoting the use of **EV chargers and batteries** in the interest of greater savings and efficiency of the installation and the electricity system.
- Implementation of the first **electricity flat rate** ('Tarifa Justa').

33. Normalisation 80/120 - Average coefficient in the category is 100 points.

Holaluz also stands out because:

- It's an **inclusive** organisation, acting coherently at an internal level through work-life balance and diversity measures, etc.
- **It's committed to the community**, boosting the production and consumption of local green energy through distributed generation.
- **It's optimists**, promoting changes in the sector that are not only necessary but possible.

This way, **generates conversations** around:

- Raising awareness that transforming the planet depends on one's **own responsible actions**.
- The importance of a business model that **drives the energy transition** through, for example, devices such as batteries and EV chargers, distributed energy and the 'Tarifa Justa'.
- **Social Sustainability**, the result of how things are done. For example, generating working options in the emerging sector.

And **supporting the development of the community, responding** to common causes.

The company stands out as an **inclusive**, **optimistic** organisation **committed to the community**.



Good positioning

- ✓ Leading knowledge of the brand among non-incumbent companies[34].
- ✓ The first company considered among non-incumbents and fifth at market level[35].
- ✓ No. 3 top of mind for solar panel installation across the whole industry[36].
- ✓ Holds 2nd place for brand positivity on social media[37].

34. Source: Brand Tracking, December 2023. 35. Source: Brand Tracking, December 2023. 36. Source: Brand Tracking, December 2023. Among those who have completed a solar installation or are thinking about it. 37. Source: Sentisis 2023.



ESG commitment

As can be seen from all the information contained in this chapter, if Holaluz is defined by anything, it is for being disruptive in all the areas in which it operates. This unique and courageous way of taking on the challenges it currently faces has seen the company confidently take the lead in the transformation of the energy sector.

And it does so through the effective management of the company's different forms of capital (human, operational, intellectual, environmental, relational and financial), an ESG DNA, and a strategy focused on people (customers and society) with which it contributes to responding to the most critical social and environmental challenges facing the planet, such as decarbonisation, improving people's health, reducing energy dependence and generating quality employment.

Recognitions for commitment to sustainability

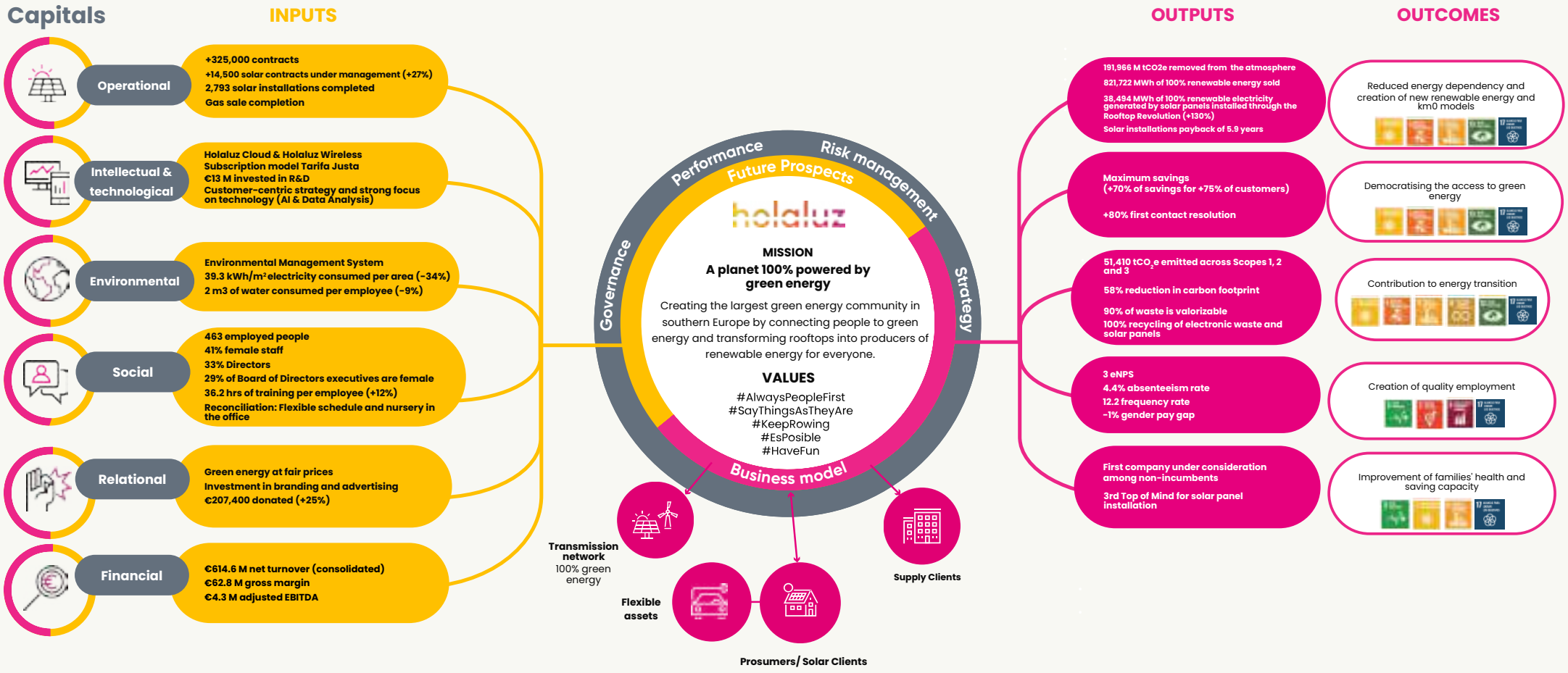
Holaluz has been recognised as **number 1 ESG company** in the ranking by **Sustainalytics Morningstar twice in a row**, in the Independent Energy Producers category. This recognition comes on top of the **Gold Medal awarded by EcoVadis** for performance in sustainability in 2023. In 2028, Holaluz was also the first European electricity company to join the **B Corp movement.**

ESG INDUSTRY TOP RATED 2023

ecovadis

Certified B Corporation

Value creation model



ESG Strategy 2024-2026

The DNA of Holaluz is ESG, wich translates into a total commitment to promoting transparency, accountability and business ethics, which serves to increase the trust placed by their stakeholders. In this regard, one of this year's strategic projects is to progress in the measuring of non-financial indicators that allows us to improve transparency and maximise the positive impact.

This current fiscal year, the **ESG Strategy 2024-2026** was presented, renewing commitments and objectives set out in the company's ESG Policy. The **Impact Team** (Read more about this in the chapter on Governance) is a cross-functional team that consists of key managers from all areas, ensuring that this strategy is in line with the company's purpose, maximising the positive impact and the contribution to the SDGs.

Transforming the world through environmental stewardship

Decarbonizing the economy (our world):
Leveraging solar power to reduce the carbon footprint of energy consumption contributing to a low-carbon economy.

Decarbonizing our own operations:
Demonstrating climate leadership through ambitious carbon reduction targets implementing sustainable practices.

Environmental protection:
Proactively minimizing our environmental impact across the entire value chain and advocating for broader environmental protection and regeneration.

Empowering people

Culture and values:
Creating a collaborative work environment compromised on shared values

DEI (diversity, equality and inclusion):
Actively promoting equality, diversity and inclusion at all organizational levels within the organization.

Team well-being and development:
Prioritizing team well-being, offering professional growth opportunities and creating a nurturing work environment.



Transforming society for a brighter future for all

Customer obsession:
Maximizing customer satisfaction by exceeding expectations, delivering high-quality products/services and providing exceptional customer experience.

Promotion and respect for human rights:
Ensuring human rights respect and promotion throughout the value chain, actively addressing potential impacts associated with our activity.

Community development:
Contributing to local economic and social development, supporting community initiatives and collaborating with local stakeholders.

Guiding with integrity

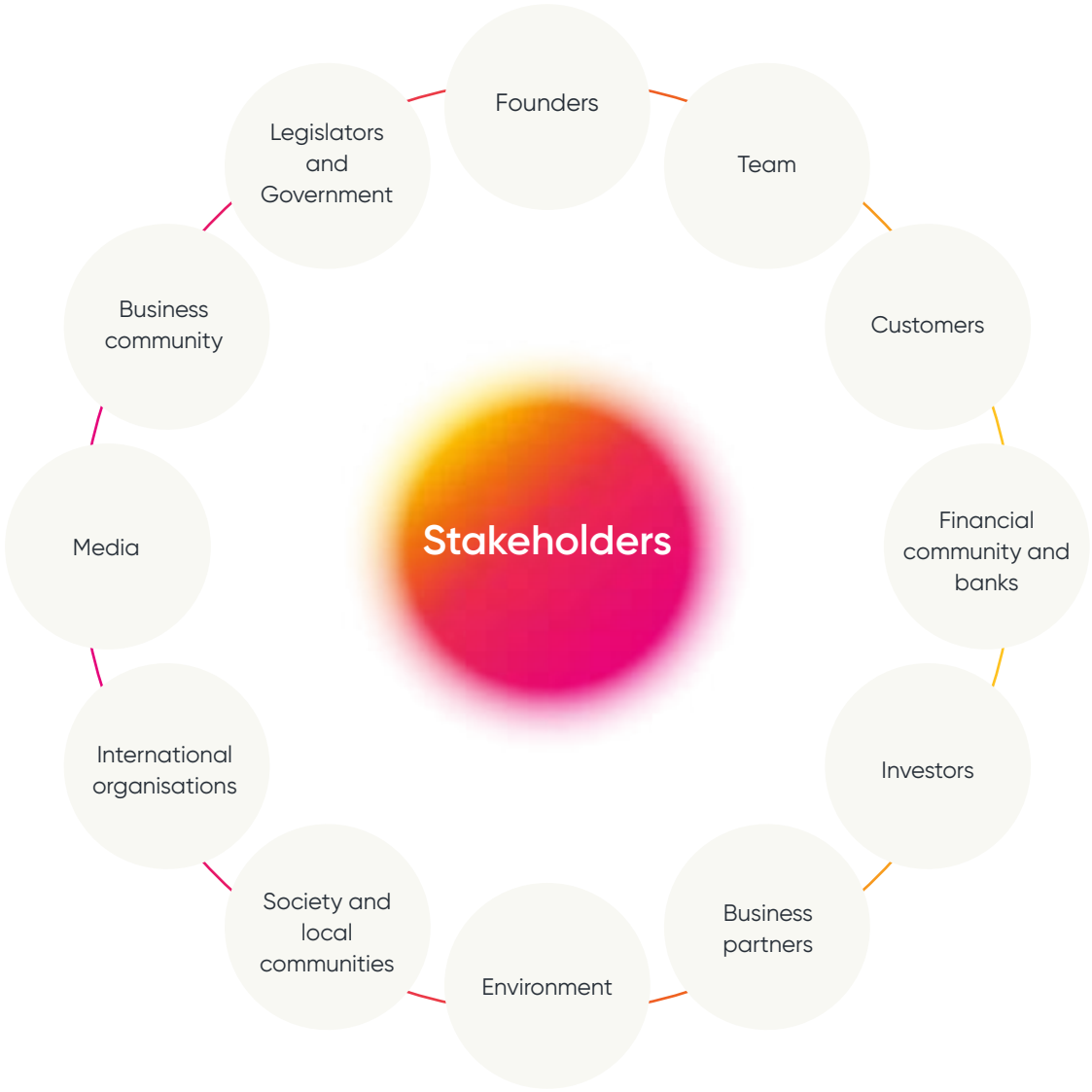
Responsible leadership:
Upholding highest ethical business practices, ensuring compliance and promoting a corporate culture that values integrity and responsibility.

Responsible supply chain:
Ensuring a responsible supply chain by actively collaborating with suppliers to implement leading sustainability practices and collectively address global challenges.

Transparency and accountability:
Maintaining transparency through open communication about initiatives, progress and challenges, fostering trust and accountability.

Stakeholders

The company's main stakeholders are:



Holaluz involves its stakeholders in business operation and takes their expectations and needs on board in the way it does business. With this in mind, we offer multiple channels to keep dialogue constant and open, including:

- Customer portal
- Social media
- Customer care team
- Investor relations

The company also has a Communication and Contact Policy **with shareholders, institutional investors and voting advisers** who define and establish the principles and criteria that govern communication and contact with stakeholders.

Honesty and transparency are fundamental elements for generating **healthy, lasting relationships of trust with stakeholders**.

SDGs, common goals

Holaluz's business model helps achieve the SDGs by the United Nations.

Holaluz works to drive ambitious actions to achieve the SDGs, like participation in **SDG Ambition**, an accelerator of the Global Compact that allows companies to discover new opportunities and establish ambitious business objectives aligned with the 17 SDGs.

Due to the nature of its business, the company's activity impacts principally on nine of the seventeen SDGs (in order of contribution of Holaluz):



SDG 7. Affordable and Clean Energy

Holaluz makes the energy transition a reality trasnforming m^2 of rooftop into renewable energy production, connecting people to green energy. The Rooftop Revolution is at the stage where 3.5% of homes that produce photovoltaic solar energy in Spain are Holaluz customers.

Holaluz's commercialisation of green energy contributes to the National Integrated Energy and Climate Plan (PNIEC) (2030) by 0.47% towards the national renewable energies objective[38].

SDG 13. Climate Action

Holaluz was the first company to sell 100% green energy from renewable sources and is now one of the leading companies in the Spanish solar sector.

The company has managed to avoid emissions of over 2.7 tonnes of CO_2e since setting out on this journey and it's committed to the climate targets of the United Nations Framework Convention on Climate Change (UNFCCC) to keep the global temperature rise under 1.5 °C warmer than pre-industrial levels.

Holaluz's photovoltaic installations take only 5.9 years to accumulate the same quantity of avoided emissions as generated in the production of materials and assembly.

38. Holaluz's commercialisation of renewable energy represented 0.33% of the total national electricity. Value of annual electricity demand in 2023 according to this article on SmartGridsInfo. This compares to a value of 70% forecast in the PNIEC.



SDG 5. Gender Equality

With a woman in the position of Executive President, the company believes in empowering women and works to include them on all teams, braking social barriers of access to certain positions. Here at Holaluz, 41% of the team are women, a female presence 21.3 pp above the average of the sector[39].

The salary gap in the company is -1%, 19.4 pp[40] below the Spanish average , ensuring an equal salary between women and men for equivalent roles.

The company also promotes female empowerment with initiatives that go beyond the business sphere, such as the sponsorship of the Fastholaluz women's skiing team.

SDG 9. Industry, Innovation and Infrastructure

Thanks to the intensive use of invisible technology (engineering, technology and data), disruptive and innovative products and services are offered on the market. Holaluz has brought savings of more than 70% to 75% of its solar customers.

SDG 8. Decent Work and Economic Growth

Holaluz is committed to quality employment and puts the focus on the wellbeing of the team. Projects like TalentNest are examples of the commitment to promoting access to the labour market for young people. Holaluz has been recognised in the Happy Index Trainees category, among the Companies with the Best Internship and Studies Programme, certified by ChooseMyCompany.

39. The percentage of women in the energy transition sector is 19.7%, according to this report published by Naturgy.
40. The salary gap in Spain is 18.36% according to this news story published on 22 February 2024 by the Ministry of Equality.

SDG 11. Sustainable Cities and Communities



The company is building a world where energy produced in a distributed manner is 100% green, flexible and mobile and serves to feed the community as well as the users themselves, gaining weight over centralised energy. The commercialisation of green energy by Holaluz represents 0.6% of the national consumption of renewable electricity[41].

Holaluz has also collaborated with the Wikihousing project, a participatory process for the sustainable construction of public housing for young people, by sponsoring and installing a solar photovoltaic system.

41. National renewable electricity consumption according to article on SmartGridsInfo.

SDG 12. Responsible Consumption and Production



Holaluz makes responsible energy consumption possible and promotes responsible production through partnerships with independent green energy producers.

The company guarantees its promise of 100% green energy with renewable origin certificates, guaranteeing that all the electricity supplied is renewable origin (guarantee of origin certified by the CNMC).

SDG 3. Good Health and Well-being



The organisation is committed to the health and well being of its team, customers and providers thanks to the company's culture, way of working, products and services. For example, 100% of its employees are covered by private medical insurance.

The company also promotes an active lifestyle by sponsoring sporting events such as Mussara Cycling and Radical Swim, and collaborates with non-profit organisations fighting cancer, such as the Fero Foundation and the Contigo Foundation.

SDG 17. Partnerships for the Goals



Holaluz participates proactively in various forums and sector associations to promote the renewable sector, develop the community and fulfil the purpose of achieving a planet powered by 100% green energy.

The company has signed up to the United Nations Global Compact, aligning its activity with the Ten Principles and participating actively in accelerator programmes.

Materiality analysis

On a biannual basis, Holaluz identifies relevant questions for both stakeholders and the company itself. To do that, the company carries out a double materiality analysis, studying, firstly, how the business is affected by sustainability questions ('outside-in') and, secondly, how our activities affect society and the environment ('inside-out').

The 2022 analysis (which will be updated in 2024) was divided into three stages:

- Identifying and updating material aspects.
- Financial diagnosis (financial materiality).
- Impact diagnosis on society and the environment.



Environment
Social
Governance

List of material aspects

1	GHG emissions and decarbonization
2	Climate change risks and opportunities
4	Responsible commercialisation, electrification and energy management
5	Energy transition
10	Talent development and team wellbeing
11	Company culture
12	Equal opportunities (diversity and inclusion)
14	Sustainable supply chain
15	Customer obsession
20	Financial performance
22	Strategy and long term planning
24	Innovation and digitization
26	Ethics and integrity
28	Risk management and crisis response
29	Stakeholders relationship

Of the 29 aspects identified as material, the **energy transition** stands out on both the financial impact ('outside-in') and environmental impact ('inside-out') levels. Similarly, other environmental aspects such as those relating to commercialisation, electrification and responsible energy management or relating to the risks and opportunities of climate change, are particularly important for the Holaluz ecosystem.

In terms of people, the **customer obsession** is a priority, as is the **talent development and team wellbeing**. In terms of governance, **financial performance and strategy and long-term planning** are relevant aspects.



Environment:
creating a 100% green planet

We drive change towards a **more sustainable future**

Environment

Emissions	2023	2022
Emissions avoided (t CO_2e)	**191,996**	356,703
Carbon footprint *Market-based* (t CO_2e)	**51,410**	122,786
Reduction of carbon footprint (%)	**58**	–[42]
Intensity of emissions (t CO_2e / €m net turnover)[43]	**181.6**	246.6
Operations		
Electricity consumption (kWh)[44]	**357,468**	259,651
Electricity consumption per surface (kWh/m^2)	**39.3**	60.0
Water consumption (m^3)[45]	**1,438**	1,250
Water consumption per person (m^3/no. people)	**2.0**	2.2
Diesel consumption per installation (l fuel/no. own installations)[46]	**81.9**	54.7
Petrol consumption per visit (l fuel/no. visits conducted)	**8.1**	–[47]
Recycling of electronic waste and solar panels (%)	**100**	100
Waste generated (t)[48]	**69**	39
Waste generated per installation (t/no. own installations)	**0.03**	0.04
Recicled waste (t)	**62**	34
Recoverable waste (%)	**90**	88

"We drive the **decarbonisation of the planet** through **The Rooftop Revolution**"

Narcís Matabosch
Chief Product Officer

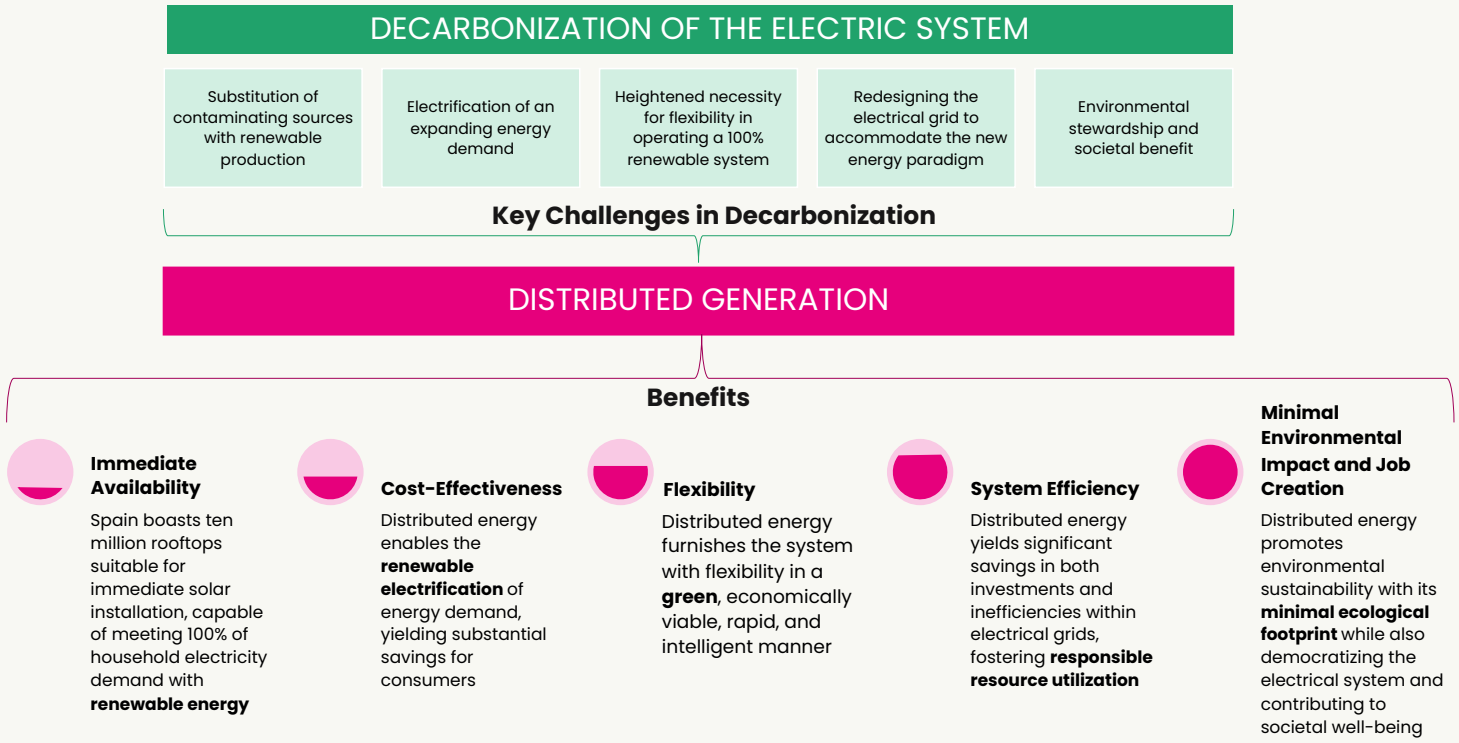
42. Not applicable. The base year for emission calculations is 2022. 43. The turnover figure used for calculating the intensity of emissions does not include the representation business line affected by the volatility in electricity prices and has no impact on the carbon footprint. 44. An increase is observed in electricity consumption due to the increase in spaces managed by the company. However, the kWh/m^2 ratio fell by 34%. 45. An increase is observed in electricity consumption due to the increase in spaces managed by the company. However, the m^3/person ratio fell by 9%. 46. An increase in the diesel consumption ratio per number of own installations was observed due to the fact that installations have been completed further away from the warehouses. 47. Not reported. 48. An increase in waste was observed due to the increase in solar facilities completed with own staff. However, the t/no. of own installation ratio fell by 25%.

Holaluz's commitment to the environment is comprehensive and absolute, characterised by a dual approach: **external**, through a business model that impacts directly on decarbonisation; **and internal**, through cross-cutting management of internal environmental impacts of all operations.

Decarbonising the economy

According to the Intergovernmental Panel on Climate Change (IPCC), net greenhouse gas emissions must fall by at least 45% by 2030 and carbon neutrality achieved by 2050 in order to limit global warming to 1.5ºC. That's why firm steps must be taken towards decarbonisation, while bearing in mind that the route taken must be economically viable for homes.

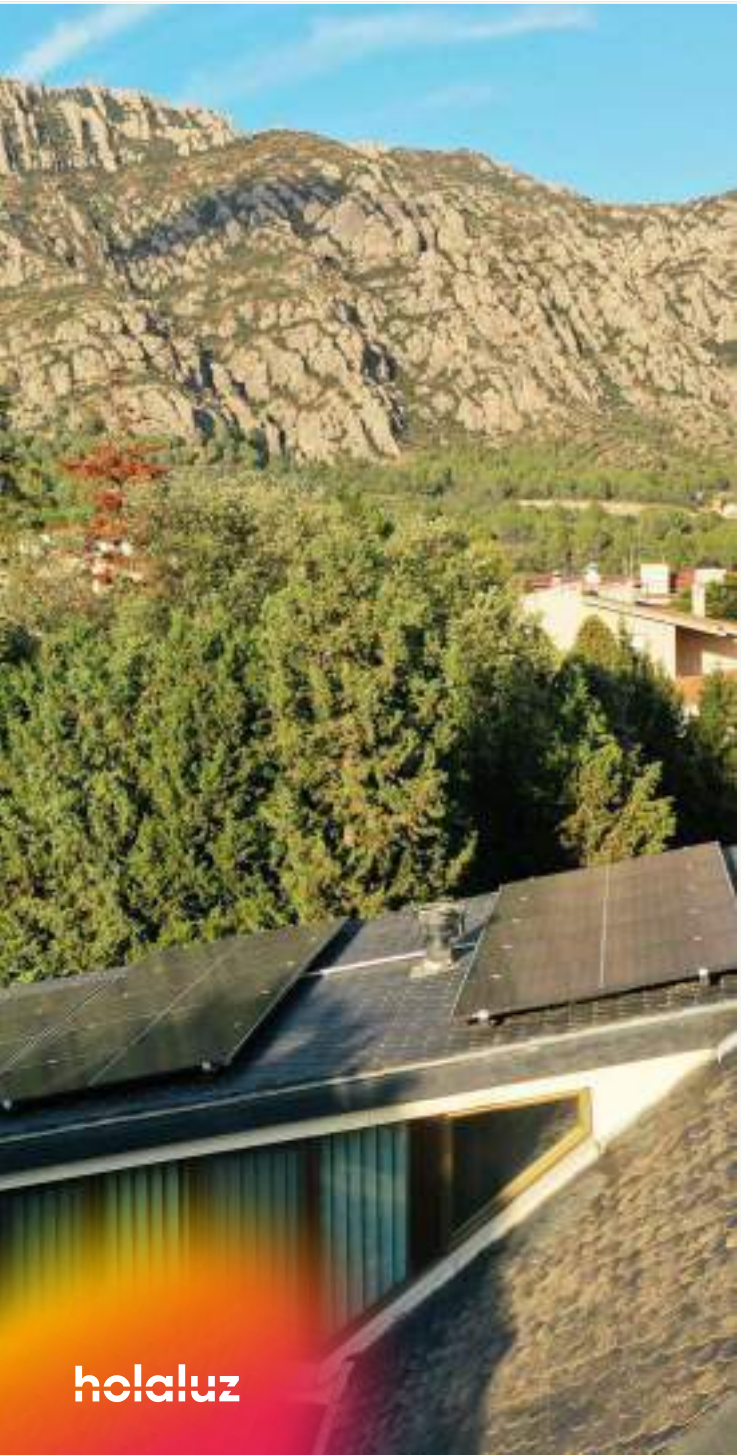
Considering the magnitude of this emergency, Holaluz offers a direct response, mitigating and adapting to climate change by transforming the way energy is produced, distributed, and consumed: The Rooftop Revolution, a model based on **distributed and completely decarbonised generation.**



Decarbonising the system means, firstly, to focus efforts on generating electricity, replacing fossil fuels with renewable sources; and secondly, electrifying demand, through actions like replacing combustion vehicles with electric vehicles or changing gas or diesel boilers for heat pumps that run on electricity. As a precursor factor to achieving decarbonisation, distributed generation offers a decentralised model that allows for the generation of green energy (for example, through the installation of distributed solar systems) with the aim of supplying both the user and the proximity network.

Holaluz's vision is based on the electrification of demand along with **photovoltaic solar generation distributed** across the rooftops, covering the **self-consumption of electricity** in every home and sharing surpluses through the proximity network.





Distributed generation is the key

The Rooftop Revolution has the potential to be one of the main levers to reduce emissions in the energy sector. This model is more efficient than other sources of renewable energy. It also offers the following advantages that make it a particularly valuable differential solution:

Advantages	How it's evidenced
Substantially increases the penetration of renewables in the system, reducing the emissions of the electricity mix.	Holaluz installations **maximise the potential of rooftops** to share electricity with neighbouring customers, taking advantage of the proximity network and allowing for electrification of demand. Every Holaluz solar installation avoids **29 tons of CO_2e throughout the useful life of the solar production**. This means that every installation avoids 1.2 tons of CO_2 emissions per year compared to a residential property consuming energy from the grid[49].
Reduces the impact of transport of energy.	Because it does not require transport of energy over long distances, the need to deploy new transport networks of overhead high voltage lines is reduced. The transport of electricity also involves losses that would be avoided, making the system as a whole more efficient and **reducing CO_2 emissions**. Sulfur hexafluoride (SF6), a gas 23,000 times more potent than CO_2 and prone to leakage, would not be necessary.
The environmental impact of the deployment of renewables is reduced, by using spaces that have already been transformed.	It provides renewable energy without occupying land, contributing to responsible deployment. **It takes advantage of existing infrastructures and surfaces, like rooftops**. All of this involves a lower environmental and visual impact.

49. The calculation is made considering the useful life of the solar installation, taking into account the emissions caused by its installation and those avoided thanks to the use of solar energy instead of conventional energy. Once the total value is calculated, it is divided by the years of life of the installation to obtain the annual value.

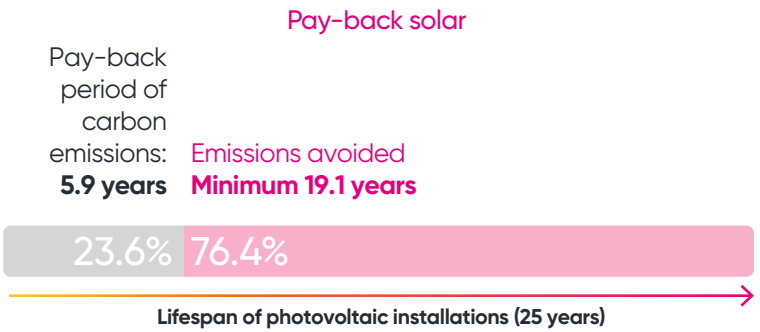
The Rooftop Revolution also benefits:

- **The planet**: Based on the 2023 carbon footprint data, Holaluz's photovoltaic installations take 5.9 years to offset the same amount of emissions generated during their material production and assembly[50]. Considering that these installations have a minimum lifespan of 25 years, they will be avoiding greenhouse gas emissions for at least 76% of their operational life.

  There are ten million rooftops in Spain available for the installation of solar panels receiving solar energy all year round. With The Rooftop Revolution, all of this potential could be deployed, achieving savings of **15 million tons of CO_2e** for the Spanish electricity system. That is, one third of the current emissions in the sector.

- **The electricity system**: Solar users go from being consumers to producers of green energy. By bringing generation closer to consumption, the losses from network transport are reduced, that reach 18% for residential customers. In Australia, one of the leading markets for distributed energy, each new rooftop provides a direct benefit for the system for the sum equivalent to 40% of the average installation cost.

- **The customer**: The average Spanish home spends € 4,220 per year on energy bills between electricity, gas and petrol. The energy transition offers an opportunity to convert these costs into an investment, reducing bills on stable and long-term basis. A family that installs solar panels reduces their electricity bill by 70%, obtaining a 19% total saving on their energy bills. If that family also owns an electric vehicle, aerothermal or battery, they will pay 0 euros on energy bills, saving € 4,220 annually for more than 25 years.

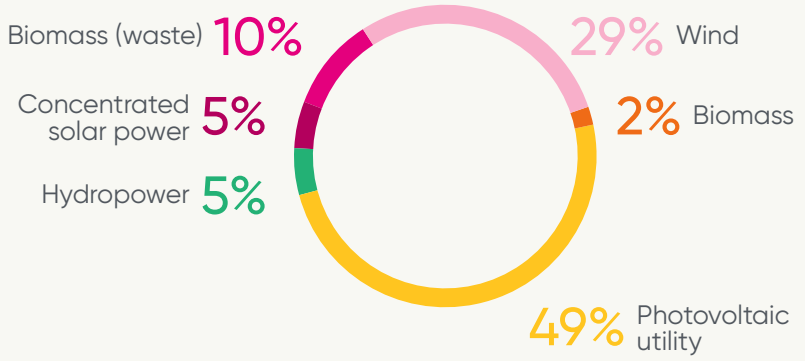


Emissions considered: value chain of photovoltaic installations, encompassing the extraction of material and manufacturing of systems, commercial services and installation, transport throughout the value chain, generation of waste and the end of the useful life of the products installed.

Since its foundation, the company has saved the planet emissions of more than **2.7 million tons of CO_2e.**

The company also guarantees its compromise of **100% green energy through renewable origin certificates**, guaranteeing that all the electricity supplied comes from renewable sources (guarantee of origin certified by the CNMC).

Guarantees of origin



50. The calculation made on the estimation of the time the green energy generated by the solar installation has avoided the same quantity of emissions generated in the production of materials and their assembly is based on average energy generated per installation completed and the measurement of CO_2 emissions arising from the entire value chain of the photovoltaic installations, encompassing the manufacture of equipment, commercial and installation services, transport, waste generation and the life cycle of the installed products. An average emission factor for the last four years from the energy mix for the Spanish electricity grid was used, not including emissions generated by infrastructure and the value chain of technologies.

Integrated **environmental commitment**

Holaluz's environmental management is a cross-cutting aspect that permeates throughout all its teams. Awareness and communication of environmental commitment are embedded in the company's DNA and materialize in its ESG Policy.

Through this commitment, the organisation assumes environmental and operational responsibility for its business lines, specifically:

- Conducting an impact assessment of its activities.
- Prioritising and evaluating operations.
- Completing control and monitoring.
- Implementing specific actions that can be adapted and mitigate the consequences of climate change.

The objective is clear: to always seek **continuous improvement of processes** carefully ensuring efficiency and transparency in all operations, thus contributing to the prevention of pollution, promoting decarbonisation and ensuring efficient use of resources.

At the end of 2023, Holaluz obtained certification of the **environmental management system** according to ISO 14001:2015.

Optimisation of internal management

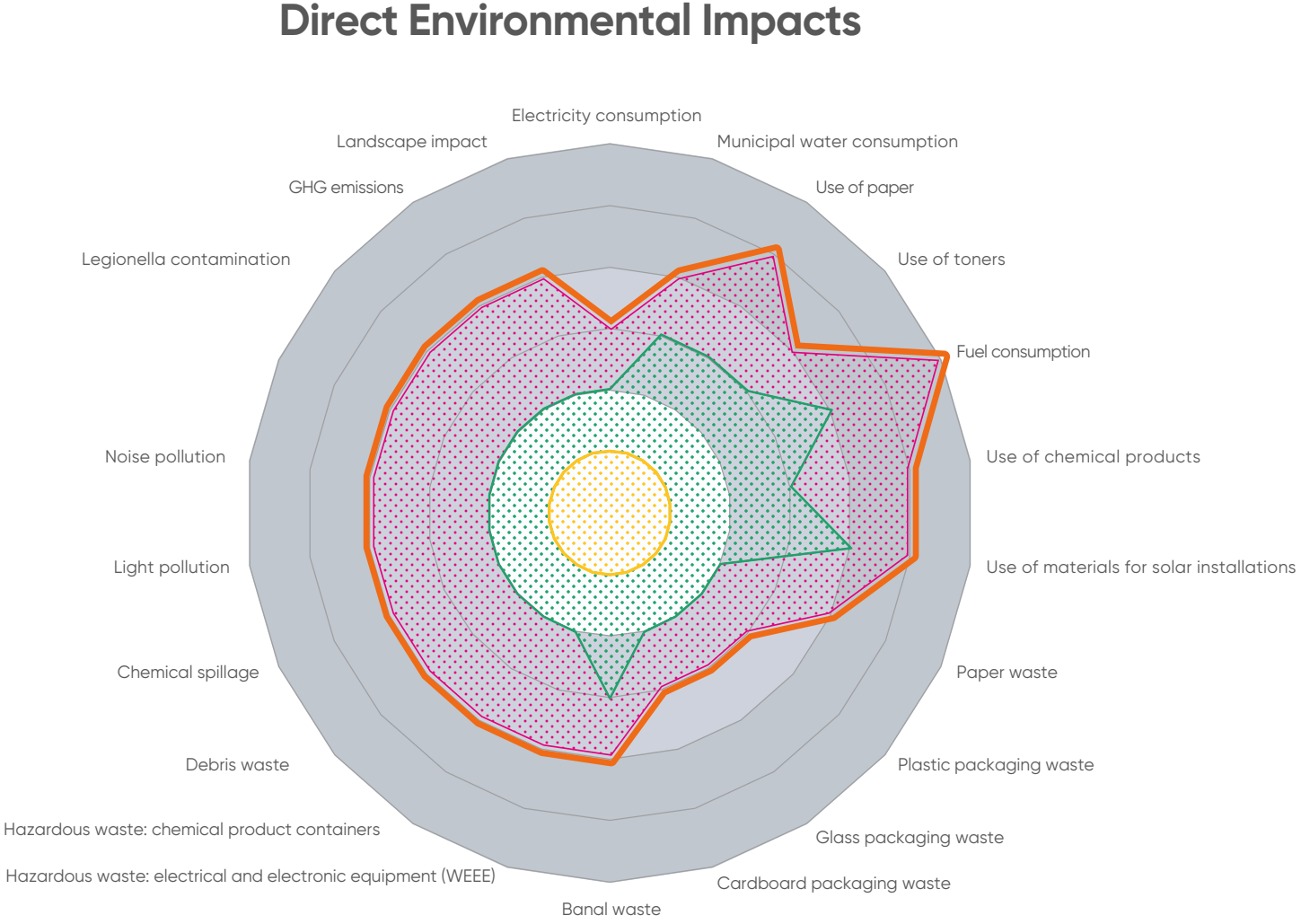
In 2023, Holaluz **consolidated the implementation of an environmental management system (EMS)** and has certified it in accordance with ISO 14001 to create a framework for analysis of environmental performance and establish procedures for all of the company's operations and main establishments.

The EMS ensures controls and minimises the negative impact that Holaluz activity might have on the environment. This includes compliance with **legal requirements** relating to the environment, reducing **consumption of natural resources**, minimising **waste and emissions** and ensuring solar **installations** are **safe** for people and for the environment.



Presented below are the **direct environmental impacts** taken into account by the company for the definition of environmental performance.

Direct Environmental Impacts



Automated reporting

In 2023, a project was developed to integrate data reporting automation with proprietary systems that allow for the visualization of environmental performance, parameterizing and reporting consumption, as well as waste generation by establishment.

Waste management

The company works on prevention and management of the waste generated, fostering the reuse and recycling of solar installations carried, as indicated in the **internal waste management procedure**. Holaluz works to meet the following objectives:

- Minimise waste generation at source.
- Maximise reuse, recycling and recovery of waste.
- Treat and manage hazardous waste.
- Promote campaigns to raise awareness.

As part of the continuous improvements to operational control process, mechanisms have been established to detect the viability of a second life for waste. The objective is to identify those waste materials arising from company operations that can continue their life cycle and be converted into raw materials for other companies.

Through the agreement with the organisation **La Hormiga Verde**, since 2021, **100% of the waste from solar panels** and waste electric and electronic equipment (WEEE) generated by the solar activity of Holaluz is recycled. This special employment centre is dedicated to managing electronic waste from collection to recovery. In 2023, 11.36 tons of Holaluz's waste were recycled compared to 1.37 tons in 2022.

Holaluz also fosters the prevention of waste generation in their offices with the use of containers to selectively separate waste such as paper, plastic and glass; and promoting consumption of the drinking water supply rather than bottled water.

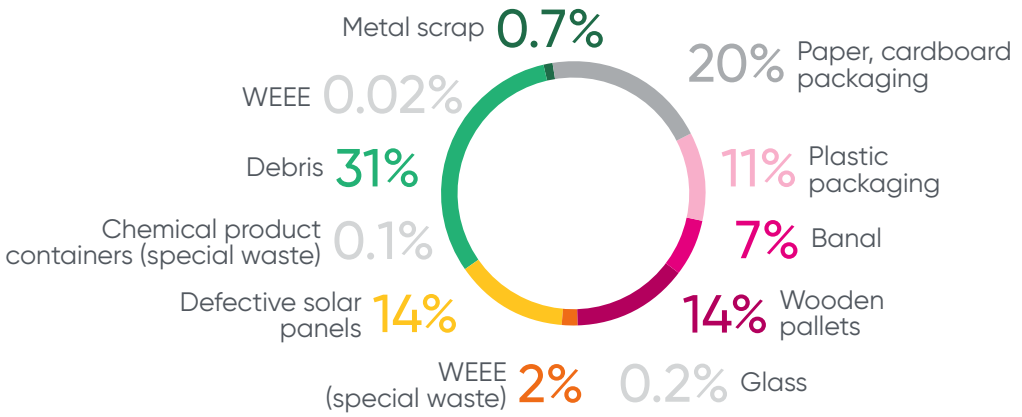
In 2023, **the list of waste generated was extended** for photovoltaic installations, introducing containers for chemical products and debris.

Waste generated (t)	**2023**	2022
Paper and cardboard packaging	**14.2**	18.8
Plastic packaging	**7.4**	1.7
Banal	**4.7**	4.6
Wooden pallets	**9.6**	12.5
Glass	**0.1**	0.5
WEEE (special waste)	**1.5**	0.2
Defective solar panels	**9.9**	1.4
Chemical product containers (special waste)	**0.1**	n/a
Debris	**21.4**	1.6
WEEE	**0.013**	n/a
Metal scrap	**0.5**	n/a



Waste generated at warehouses and offices is registered periodically and transferred to the corresponding waste management companies. The percentage of waste generated that was recoverable and recyclable was 90% in 2023, compared to 88% the previous year.

Distribution of generated waste



Savings measures

In 2023...

- Publication of a **guide on environmental best practice** for offices, with guidelines for the correct recycling of waste.
- **Study of waste generation in offices** to improve real data obtained on waste generation, as in previous years these have been based on estimations.
- Implementation of **signage system** for recycling containers to improve recycling and minimise waste.
- With the implementation of a **waste management procedure** for establishments and a technical instruction for good management of waste during photovoltaic installation.
- **155 hours of of recycling training**.
- Incorporation of **new managers** for the handling and valorization of waste generated.
- Conducting a **recyclability study of disused uniforms** worn by solar installers.

Responsible use of resources

Consumption of raw materials[51]

Holaluz **monitors all raw materials acquired and consumed**, both for internal management and for business development. The most important raw material for the company is the material for the photovoltaic installations.

In this regard, in 2023, work was carried out on the following pillars:

Assessment of environmental performance of suppliers of photovoltaic material.

- Environmental impact assessment of used materials.
- Assessment of hazard level and environmental impact of used chemical products.

Life cicle analysis of purchased products.

- Identification and analysis of the life cycle for electric equipment used in Holaluz photovoltaic installations.
- Assessment of emissions generated per photovoltaic installation completed by Holaluz.

Definition of selection criteria for new photovoltaic material suppliers.

- Implementation of a sustainable procurement guide with environmental criteria.
- Implementation of the solar product approval process with environmental criteria.
- Creation and implementation of environmental practice criteria during photovoltaic installation on rooftops, encompassing design, planning, installation and completion of the photovoltaic installation project.

Installation material	2023	2022
Solar panels (units)[52]	**32,793**	46,619
Batteries (units)	**174**	–[53]

52. There are several factors that explain the reduction of solar panels installed. On the one hand, in 2023, the company opted to install larger solar panels, reducing the number of units per installation with respect to those installed in previous years. On the other hand, there is also the factor of the downturn in the residential solar energy market in Spain in 2023, which fell between 49% and 54% according to UNEF and APPA.
53. Service initiated in 2023.

Savings measures

In 2023...



- **Purchase of stock** in full container format and for supply of elements used for solar installations, reducing the environmental impact associated with cargo transport.
- **Awareness** of responsible use of resources in office and warehouse network.
- Sending of **invoices to customer by email** rather than by post. This measure has saved 82 tons of CO_2e and 1,693 tons of water during this fiscal year.

51. In Annex I Indicators. Environment, you can see all the specific information on the company's use of materials.

Renewable energy

The energy consumption of Holaluz's operations encompasses both the facilities where the company's activities are carried out and the fleet of vehicles for commercial and installation activities.

- **Buildings and warehouses**

  The energy source used for offices and warehouses is the 100% renewable sourced electricity comercialised by the company.

  In 2023, total electricity consumption was around 357,468 kWh of 100% green energy, 37.67% higher than the previous year.

Electricity consumption ratio	2023	2022
Electricity consumption per person (KWh/no. persons)	**496.8**	453.9
Electricity consumption (kWh/m²)	**39.3**	60.0

Savings measures

In 2023...

- Installation of **36 photovoltaic panels** at one of the main warehouses.
- **Replacement of bulbs with LED lighting** in one of the warehouses, resulting in a 22% reduction in electricity consumption at the facility.

- **Vehicles**

  Fuel consumption is essential for the company's commercial and installation activity. **Optimising consumption is a priority** for all the teams at Holaluz. In 2023, fuel consumption was 186,844 litres of diesel and 172,138 litres of petrol.

Fuel consumption ratio	2023	2022
Petrol per visit (l/no. visits)	**8.1**	–[54]
Diesel consumption per installation (l/no. own installations)	**81.9**	54.7

54. Not reported.

Savings measures

In 2023...

- **Sustainable Mobility** strategy defined based on studies for the transformation of the fleet to more sustainable technologies.
- Acquisition of **hybrid vehicles** for the commercial fleet.
- **Electric van** pilot project for installation team.
- Quarterly **monitoring and control of consumption** of company fleet.
- Creation of commercial and installation **route optimisation** framework.
- Monitoring and control of **preventive maintenance** of the installation fleet.

Water consumption

Holaluz recognises the vital importance of access to water as a human right and the challenge of guaranteeing availability for future generations in a context of water scarcity. That's why we carry out responsible management for **rational use** of this resource, contributing to preservation.

The company's water consumption is primarily for sanitary use on site, such as offices and warehouses where activity is carried out. All facilities are supplied from the municipal network with final discharge to municipal sewerage network.

Water consumption ratio	2023	2022
Water consumption per person (m^3/no. persons)	**2.0**	2.2

Using the **Aqueduct Water Risk Atlas** as a reference, the company obtains most of its water from areas classified as medium risk.

Savings measures

In 2023...

- A guide on **environmental best practice** has been prepared in offices for the responsible use of water.
- Thanks to the control and monitoring of water consumption in warehouses, Holaluz **detected incidents** in the supply network that could be solved in good time.
- Criteria defined for the **design of photovoltaic installations** taking into account rainwater gutters to prevent soil erosion and water contamination.



Climate strategy for decarbonisation

The path to decarbonisation for all Holaluz activity involves monitoring and calculation of emissions avoided as a result of its activity, as well as CO_2e emissions generated from the company's operations, with the aim of determining the most effective measures for the mitigation and adaptation to climate change.

Avoided emissions is not just a business KPI but an **operating indicator of the company's environmental management**. That's why the measure of avoided emissions through the commercialisation of green energy has been recorded since 2010 and avoided emissions thanks to installations since 2020.

Avoided emissions by business line	**2023**[55]	2022
Commercialisation of green energy (t CO_2e)	**180,641**	346,589
Holaluz customers with solar systems (t CO_2e)	**11,325**	10,114

55. The electricity labelling mix in 2023 was taken as a reference, which was down 27.9% compared to 2022.

Carbon footprint

Holaluz has calculated the CO_2e emissions generated through its activity in 2023, using the Greenhouse Gas Protocol to manage and report CO_2e and the ISO 14064 standard. The scopes and emissions identified in the value chain of the company's business are the following:

- **Scope 1**: Emissions from vehicle fleet. Fuel consumption within the company and possible leaks of refrigerant gases are measured.
- **Scope 2**: Emissions associated with electricity use. All electricity consumption is measured using two methodologies: market-based[56] and location-based. Holaluz measures scope 2 using the market-based methodology.
- **Scope 3**: Goods and services purchased, capital goods purchased, activities relating to fuels and energy, upstream transport and distribution, waste generation, business travel, employee commuting, downstream transport and distribution, use of commercial products.

AENOR HUELLA DE CARBONO CO_2 VERIFICADO ISO 14064

GREENHOUSE GAS PROTOCOL

The company has **certified the calculation of its carbon footprint in accordance with ISO 14064:2018 and the GHG Protocol** for all scopes (1+2+3).

56. The location-based methodology reflects the average emissions intensity of the networks in which the energy consumption occurs (mainly using average network emission factor data) and the market-based methodology reflects the electricity emissions that companies have specifically chosen (or though lack of choice).

In 2023, the 2022 footprint was recalculated to comply with the Science Based Target initiative (SBTi) criteria, including indirect emissions for renewable electricity production and used fuel. The results shown follow these criteria for both years.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

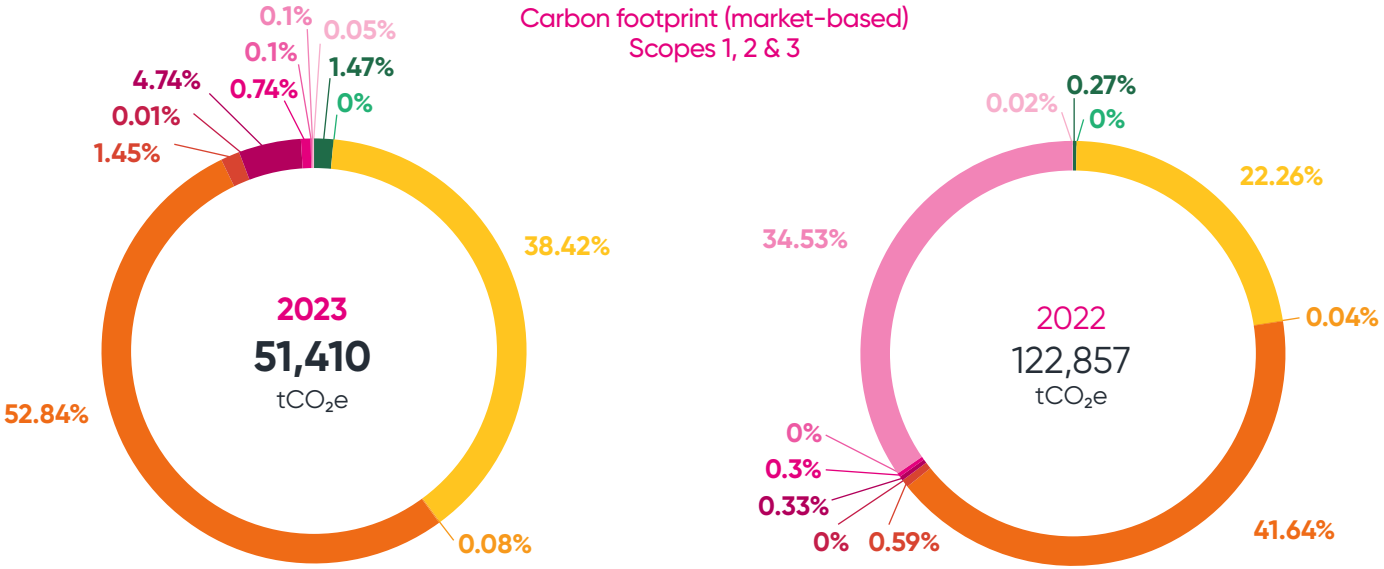
Displayed below are the **results of emissions by scope**.



Carbon footprint (t CO_2e)	2023	2022[57]
Scope 1	**756**	335
Scope 2		
Scope 2 (market-based)	**0**	0
Scope 2 (market-based)	**98**	71
Scope 3[58]	**50,654**	122,451
1. Purchased goods and services	**19,753**	27,337
2. Capital goods	**43**	48
3. Fuel and energy – related activities	**27,164**	51,128
4. Upstream transport and distribution	**743**	726
5. Waste generation	**3**	5
6. Business travel	**2,439**	411
7. Employee commuting	**381**	366
9. Downstream transport and distribution	**50**	n/a
11. Use of sold products	**51**	42,401
12. End-of-life treatment of sold products	**27**	29
Total (market-based)	**51,410**	122,786
Total (location-based)	**51,508**	122,857

57. Greenhouse gas emissions for 2022 (reported in the Integrated Report of 2022: 75,120 t CO_2e) have been recalculated to incorporate the specific criteria required for the Science Based Targets Initiative (SBTi), thus maintaining a single carbon footprint that incorporates a more exhaustive scope in accordance with SBTi good practice.
58. 100% of scope 3 applicable to Holaluz is reported, in accordance with the GHG Protocol classification, with the following categories exempt: 8, 10, 13, 14, 15.

Carbon footprint (market-based)
Scopes 1, 2 & 3



- Scope 1
- Scope 2 (market-based)
- A3 1. Purchased goods and services
- A3 2. Capital goods
- A3 3. Fuel and energy – related activities
- A3 4. Upstream transport and distribution
- A3 5. Waste generation
- A3 6. Business travel
- A3 7. Employee commuting
- A3 9. Downstream transport and distribution
- A3 11. Use of sold products
- A3 12. End-of-life treatment of sold products

In 2023, Holaluz managed to **reduce its carbon footprint by 58% in absolute terms** compared to the previous year. This translates into a **reduction of 26% in relative terms** in relation to turnover. This, primarily, is the result of the commitment to decarbonisation of the economy, leading to the **decommissioning of the gas commercialisation business in 2022.**

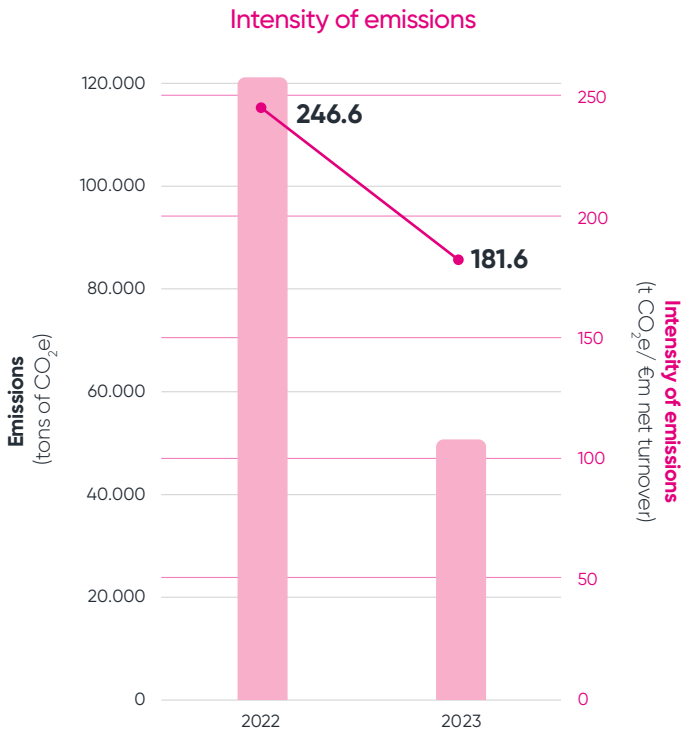
To calculate emissions, each consumption or impact on the environment is multiplied by the corresponding GHG emission factor.

The emission factors used to calculate CO_2e emissions for Scopes 1, 2 and 3 are mainly those proposed by DEFRA (Department for Environment, Food and Rural Affairs) and obtained from the national calculators provided by the Ministry for Ecological Transition and the Demographic Challenge (MITECO) and the Catalan Office for Climate Change.

For the 2023 fiscal year, emissions from downstream transport and distribution have been considered due to the reassessment of the internal logistics system.

In 2023, the carbon footprint was reduced by 58% compared to 2022. The cessation of the natural gas commercialisation activity has accounted for a 40% reduction in the footprint (representing 69% of the total reduction between years), while the improvement in the selection of GdOS contributed to a 14% reduction (representing 24% of the total reduction).

In relation to the **company's greenhouse gas emission intensity**, there has been a 26% reduction in 2023[59] compared to the previous year.



Intensity of emissions	2023	2022
Carbon footprint (t CO_2e)	**51,410**	122,786
Intensity (t CO_2e / €m net turnover)[59]	**181.6**	246.6

The company **registered its Carbon Footprint 2023** on the **MITECO carbon footprint registry,** obtaining the **Calculo Seal** for the second consecutive year.

Upon concluding this report, Holaluz has voluntarily registered its 2023 Carbon Footprint and emissions reduction plan with the **Carbon Footprint Register of the Ministry for Ecological Transition and the Demographic Challenge** (MITECO) and has obtained the Calculo Seal for the second consecutive year.

59. The turnover figure used for calculating the intensity of emissions does not include the representation business line affected by the volatility in electricity prices and has no impact on the carbon footprint.

Emissions reduction measures

In 2023...

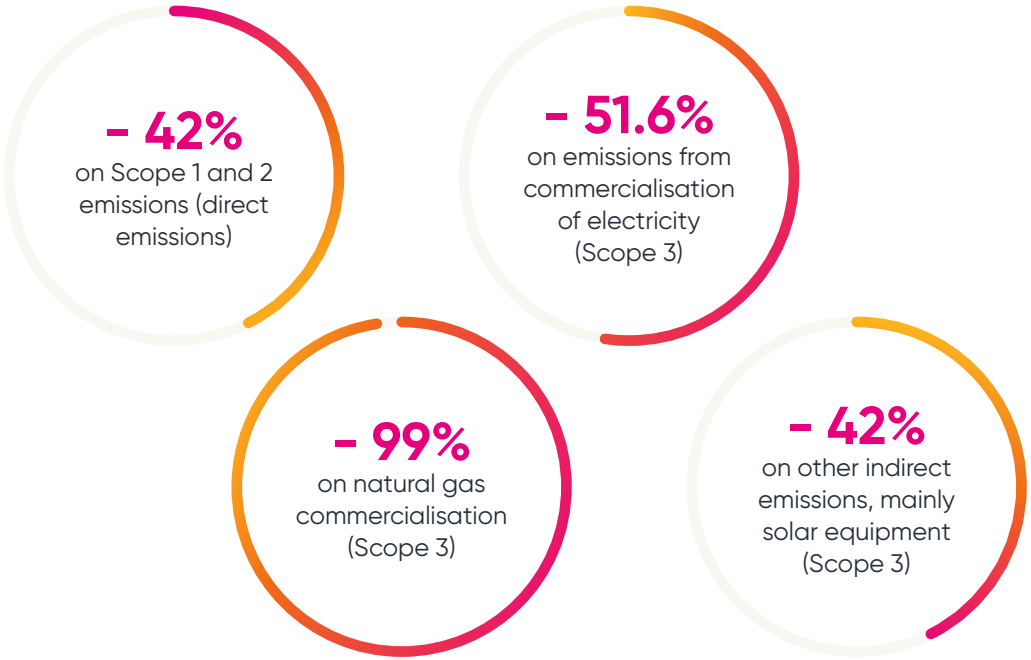
- Work was done on defining the **emission reduction targets based on the Science Based Target Initiative (SBTI)**, with the aim of achieving net zero emissions before the commitments set by the European Union and presented for the validation of the Science Based Target Initiative. Since 2022., Holaluz has been part of the United Nations **Business Ambition for 1.5°C** initiative, committing to the SBTi.

- **Reduction of CO_2 emissions** from the cloud infrastructure supporting Holaluz's business processes, achieved through measures such as halting non-productive environments during non-working hours, right-sizing the infrastructure, and deploying next-generation processors. This achievement was presented at Holaluz's cloud provider's flagship event in Spain: AWS Summit Madrid 2023.

Reduction targets and decarbonisation plan

Holaluz has aligned its future CO_2 emission commitments with the **Science Based Target initiative** (SBTi), as it provides a clear and scientifically backed global framework for companies seeking to contribute to keeping global warming below 1.5 °C.

In the **short term, in 2030**, Holaluz established the following **reduction targets**:



To achieve these commitments, the company has outlined a **Climate Action Plan** with the firm goal of decarbonizing its activities, using 2022 as the base year.

Action plan for decarbonisation

The Climate Action Plan consists of 9 actions in 4 categories, detailed below:

Category	Actions
Supply Chain	• Reduction of GHG emissions of commercialised products and services.
Energy	• Optimisation of commercialised energy mix.
Mobility	• Electrification of vehicle fleet. • Optimisation of routes. • Reduction of emissions from employee commuting.
Waste	• Reduction of waste generated in offices and warehouses. • Optimisation of waste recovered from solar panel installations.

Climate change risks and opportunities

From the outset, Holaluz has set out to respond to the global challenge of climate change through the energy transition, the path towards a sustainable and environmentally friendly future, offering innovative solutions that promote the adoption of renewable energies and reduce emissions.

In line with this commitment, 2023 was Holaluz's first fiscal year following the recommendations of the **Task Force on Climate-Related Financial Disclosures (TCFD)** for the assessment of risks and opportunities arising from climate change and the energy transition, covering four areas of disclosure.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Task Force on Climate-Related Financial Disclosures (TCFD)[60] was established as a framework of recommendations to foster transparency and stability in the market. The TFCD incentivises publication of standardised reports on risks and opportunities arising from climate change that are financially material, providing investors, lenders and other stakeholders with comparable information to assess companies in the climate sphere.

The TCFD recommendations are grouped into four main areas representing the four main areas of operations of companies: **governance, strategy, risk management and metrics and targets.** The recommendations are also differentiated across three main categories: **risks relating to the transition to a low-carbon economy, risks relating to the physical impacts of climate change, and climate-related opportunities.** The TCFD incorporates potential financial impacts as an integral part of its disclosure recommendations.

60. The International Sustainability Standards Board (ISSB) will assume responsibility for the TCFD from July 2024. This was previously the responsibility of the Financial Stability Board (FSB).





Climate governance

Holaluz has established a robust climate governance structure to effectively address the challenges and opportunities related to climate change in its operations. The Board of Directors, through the **Impact Team**, oversees the implementation of the ESG Policy, including a comprehensive ESG strategy encompassing both decarbonisation and the risks and opportunities relating to climate change (further developed in the Governance chapter).

The Board of Directors receives a plan with priority projects and key sustainability indicators every year. In 2024, this plan will include specific targets for decarbonisation and non-financial risk management, including climate risks. The ESG Policy is also reviewed periodically to ensure its alignment with climate objectives and its effectiveness in generating shared value and fulfilling commitments to stakeholders.

As part of Holaluz's commitment to sustainability and responsible management, in 2024 the company will also implement a **variable remuneration system** that, as well as including four specific business development targets (which already contribute to decarbonisation of society), will incorporate a **percentage of variable remuneration dependent on ESG targets**, including decarbonisation. This means that a portion of the team's variable remuneration is linked to the achievement of specific targets for the reduction of greenhouse gas emissions and other initiatives to mitigate the environmental impact of company operations.

This measure reflects Holaluz's commitment to integrating climate considerations at all levels of the organisation and its focus on a more sustainable business model in line with TCFD principles.

Holaluz has established a **robust climate governance structure** to effectively address the climate change challenges and opportunities arising from its operations.

Risk management

As a leading company in the energy transition - whose DNA is inseparably linked to the decarbonization of society - the identification, assessment and subsequent management of climate change risks and opportunities are key for Holaluz.

Conducting a robust analysis of climate risks and opportunities is crucial for Holaluz. Not only is accurate identification and assessment the foundation for making informed decisions to mitigate risks and promote opportunities, but it also enables the company to anticipate societal needs and contribute more effectively to fulfilling its mission of leading the energy transition.

That's why, with the aim of **comprehensively addressing the management of physical and transition risks and opportunities** arising in the current context, the company is developing a process to integrate climate risk assessment and management into the company's overall risk management.

Climate risks



Physical risks

Risks arising from a changing climate.

- **Acute physical risks**
  Arising from extreme climate events, such as flooding or heatwaves.
- **Chronic physical risks**
  Chronic physical risks arise from long-term change, occurring at a relatively slower rate than acute risks over a period of time, but also have sustained implications over a longer period of time, like higher temperatures and more volatile weather patterns.

Transition risks

Risks relating to the necessary transition towards a net emissions model.

- **Regulatory risks**
  Associated with changes in regulations and climate policies.
- **Market risks**
  Associated with technological advances affecting the transition towards a low-carbon, more sustainable economy.
- **Technological risks**
  Associated with changes in market demand and preferences of consumers for more sustainable products and services.
- **Reputational risks**
  Associated with public perception and reputation of a company or organisation in relation to their environmental practices and their response to climate change.

Climate opportunities

- **Efficiency of resources**
- **Energy sources**
- **Products and Services**
- **Market**
- **Resilience**

Based on the recommendations established in the TCFD, Holaluz has identified the main climate change risks and opportunities. Once identified, the probability and impact in the event that the risks materialise are estimated, both at corporate level and at customers' installations, taking into account, among other circumstances, their location.

All of these risks, if they were to occur, could have an impact on Holaluz's financial statements, which the company will quantify in the coming years.



Risk management process

Identifying risks	The methodology combines an analysis of Holaluz's risks and opportunities, together with assessment interviews with a committee of experts and in line with the structure defined by the TCFD recommendations.
Alignment with climate scenarios and quantification of impact.	The assessment is conducted at the asset and/or facility level, climate scenario and main climate variables (physical and transition), and the time horizon. The result extracts the percentage of assets exposed to a material risk and the average risk of Holaluz.
Adaptation or mitigation solutions	Identification of adaptation or mitigation solutions for those risks identified as critical.

Definitions and scope

Holaluz identified and assess the risks relating to the energy transition and climate change from different perspectives, mainly through the analysis of scenarios and following the guidelines of the TCFD, which establishes a series of recommendations on the disclosure of climate information.

Projecting scenarios

Scenario analysis is a key assessment tool used to identify and measure the potential occurrence of weather events that may pose an operational risk to the company, presenting important information on the probability of operational and/or financial losses. Through these scenarios, we can build an understanding of plausible climate futures to design management measures for the risks identified that influence financial planning and business strategy.

Scenario analysis

	Physical scenario	Transition scenario
IEA NZE (with internal adjustment) +RCP 2.6	• **Paris Agreement** targets are met. • **Carbon-neutral energy system** by **2070**. • **Temperature rises between 1.5° C and 2° C**. • Sea level rises 0.4 m on average and ocean acidification begins to recover in 2050.	• Economic growth and creating of employment relating to sustainable energy. • **More resilient and renewable energy system**. • Full international cooperation for **sustainable development**. • Very high CO_2 price.
IEA STEPS (with internal adjustment) +RCP 4.5	• **Paris Agreement targets are not met**. • Temperature rises between 2° C and 3° C. • Extreme temperatures become increasingly frequent. • Sea level rises 0.5 m on average and many **species will be incapable of adapting**.	• **The vast majority of policies announced are delivered upon**. • Policies are adopted to reduce the use of fossil fuels, but demand remains high. • **Price of fuel rises** and **renewable energies become cheaper**, but **price of CO_2 is maintained**.
IEA CP (with internal adjustment) +RCP 8.5	• **Paris Agreement targets are not met.** • **Temperature rises above 3° C**. • Extreme temperatures become increasingly frequent. • High variation in precipitations. • Sea level rises 0.7 m.	• **There is no additional effort for sustainable development**. • **Limited policies** to reduce the dependence on fossil fuels and promoting renewable energy. • **High demand and fossil fuel prices**. • Non-existent changes in CO_2 emissions and use of fossil fuels. • Price of CO_2 remains low.
Time horizons	• >Present, 2040, 2060.	• >Present, 2040, 2060.



Identification of climate risks

Firstly, as established in the 'risk management process' presented above, the most significant climate change risks for Holaluz, both physical[61] and transition-related are identified. For this purpose, external references have been used, such as the classification of risks proposed by the TCFD in the case of transitional risks and those proposed by the EU Green Taxonomy in the case of physical risks.

In this regard, in order to identify the **physical risks** that may pose a material risk to Holaluz's photovoltaic panel installation activity, the extent to which the climate hazards described in section II of Appendix A of the Commission Delegated Regulation (2021/2139/UE) was analysed.

In total, 8 physical risks were identified, of which 4 pertain to the rise in temperature (chronic and acute), 3 pertain to the frequency and severity of storm systems and 1 concerns precipitation.

To identify climate-related transition risks and opportunities that may be material to Holaluz's business, these were also identified following the list provided by the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

Under the categories suggested in the TCFD Annex on the implementation, the 13 categories of proposed transition hazards were analysed, identifying a total of 3 transition risks relevant to the business.

The rest of the transition risks have been deemed not applicable to any of the company's activities, determining that they are highly unlikely to materially impact the company.

For transition opportunities **20 potential opportunities** were analysed across 5 categories (efficiency of resources, energy sources, products and services, market, and resilience), identifying 7 main opportunities applicable to Holaluz and the context of their activities, of which 2 were ultimately considered relevant.

They were identified by a group of Holaluz experts in strategy, supply chain, finance, operations, engineering, regulation, technology and sustainability along with other teams.

61. Physical risk analysis has been carried out for eligible activities in accordance with the Taxonomy Regulation 852/2020.

Physical risk assessment

In 2022 and 2023, the company carried out its first analysis to explore the exposure of the company and all photovoltaic installations (over 5,000) to risks relating to climate (extreme heat, variation in wind patterns, cyclones, forest fires, etc.) over time horizons from 2023 to 2040 and 2060.

To this end, a semi-quantitative methodology has been developed for detailed analysis of the physical risks of climate change for the photovoltaic installations.

To explore the physical risk exposure, two climate scenarios described by the Intergovernmental Panel on Climate Change (IPCC) were considered: RCP 4.5 and RCP 8.5, over the short-term (present), medium-term (present-2040) and long-term (2041-2060) scope for each of the assets mentioned above.

In light of the forecast for climatic conditions (studied through the analysis of physical climate variables associated with the risk factors identified as relevant), the risk of this type of climatic phenomena is assessed through consultation with experts for each of Holaluz's assets, considering aspects such as structural damage and loss of production or operating inefficiencies).

After evaluation of the assets and their levels of exposure to climate risks, it is concluded that **no risk constitutes a material risk** (or risk of high exposure) for Holaluz, as the minimum threshold is not met.

Nevertheless, Holaluz is driving solutions for adaptation for risks in critical areas, and to reduce exposure to possible future impacts.



Physical risk

Cyclones, hurricanes, major storms, tornadoes and strong winds.

Short/medium/long-term time horizons[62]: 🟢🟢🟡

Potential impact

Variations in wind patterns, such as extreme weather phenomena arising from storm systems can have a major impact on photovoltaic panels, especially control systems, cabling and assembly structure.

Risk management

Since January 2023, for installations where a high risk of exposure to wind is detected, a preventive surface is incorporated, consisting of concrete on the lower part (solar block) serving as an additional anchor for the panels along with the standard system.

Time horizon for impact	
Short term	🟢 Low risk
Medium term (present - 2040)	🟡 Medium Risk
Long term (2041 - 2060)	🔴 High risk
	🔵 Opportunity

62. The impact on each time horizon is assessed for scenario RCP 8.5

Physical risk

Heatwave and thermal stress.

Short/medium/long-term time horizon: 🟢🟢🟡

Potential impact

The efficiency of the photovoltaic modules is reduced by 0.4% for every degree Celsius above 25° C, which means that at a temperature of 45° C, 10% of the efficiency of the installed power would be lost. Moreover, the longer the days of extreme heat last, the greater the impact on the efficiency of the panels.

Thermal stress can also affect workers during installation and maintenance tasks, due to the environmental conditions of high insulation and the specific physical activity of the tasks they perform.

Risk management

This risk is mitigated through the over-dimensioning of the installation in the design phase, which means larger installations, thus mitigating the loss of power due to lower efficiency. In future, Holaluz will re-assess the need for such dimensioning, in accordance with temperature projections.

The company also has an Occupational Risk Prevention team that implements measures to adapt to risk through organisational solutions (working hours, breaks, adapted equipment and clothing). New measures are continually implemented to improve the conditions of equipment in light of projections of more frequent heatwaves in the future.

Physical risk

Heavy precipitation (rain, hail, snow and ice).

Short/medium/long-term time horizon: 🟢🟢🟢

Potential impact

Heavy precipitation, particularly hail, can cause 'micro-cracks' in the photovoltaic material, leaving the internal components of the cell exposed to the environment and accelerating its degradation.

Risk management

Impact resistance tests currently carried out on solar panels ensure high resistance to the impact of hailstones and high efficiency throughout their useful life.



Transition risk and opportunity assessment

To meet the global goal of reaching net zero emissions by 2050 and limiting global warming to 1.5° C in accordance with the Paris Agreement, it will be necessary to adopt energy products and systems that actively help manage the risks and opportunities arising from the transition to a low-carbon economy, while also building a society that's resilient in the face of abrupt and uncertain changes in the climate.

To understand the climate challenges and possibilities faced by Holaluz's various activities as we move towards a low-carbon economy, the company has assessed the various risks identified in line with the framework proposed by the TCFD.

The importance of the transition risks has been determined by estimating their magnitude semi-quantitatively after analysis with experts from each of Holaluz's business lines, following the same time scope as for the physical risks (present-2040 and 2041-2060).

The scenarios contemplated for the analysis are those disclosed by the International Energy Agency (IEA), which projects plausible futures taking into account models that examine trends in energy use: NZE (Net Zero Scenario) and STEPS (Stated Policies Scenario).

Finally, the opportunities related to the transition to a low-carbon economy have been analysed with the same methodology used for the assessment of transition risks.

The company has assessed the different risks identified in accordance with the **TCFD framework**.

Transition risks

Regulatory and legal risk: Implementation of mandates and/or regulations applicable to the panels.

Risk assessment[63] Medium

Time horizon Short, medium and long term.

Potential impact

There are a number of European initiatives geared towards standardising and tightening requirements for photovoltaic installations to access the European market, especially from an eco-design and labelling perspective. These initiatives could have a significant financial impact on Holaluz's business.

Risk management

Holaluz supports advances in this area, recognising the positive impact they may have on climate change and the natural environment. The company participates in the European debate through Solar Power Europe (SPE) and also participates in the European Solar PV Industry Alliance, a platform that facilitates expansion, fostered by the innovation of a resistant value chain in the EU. Holaluz drives progress in improving standards and certifications where economically feasible.

Holaluz teams, especially the Regulatory Affairs team, also monitor regulatory developments to proactively adapt to requirements.

63. The impact on each time horizon is assessed for scenario NZE 8.5

Transition risks

Regulatory and legal risk: Reduction of subsidies.

Risk assessment[63] High

Time horizon Decreasing, more important in the short term.

Potential impact

Where Holaluz or its customers rely on solar photovoltaic energy subsidies to ensure viability or some margin of profitability of their operations, a cut in subsidies would have a financial impact on the business.

Risk management

Solar installations are profitable without subsidies, as the return on investment is around 8-10 years.

Obviously however, since the Spanish residential photovoltaic sector remains at a much lower level of penetration than other comparable European countries, financial support (subsidies or green financing at competitive interest rates) could help foster further growth in the market.

Holaluz participates in national and European photovoltaic associations (Unión Española Fotovoltaica, European Solar PV Industry Alliance, Solar Power Europe and Asociación Empresarial de Pilar, Baterías y Almacenamiento Energético) to promote the creation of tax incentives or new grant programs.

Transition risks

Regulatory and legal risk: Increase in the costs of raw material.

Risk assessment[63] Medium

Time horizon More important in the medium and long term.

Potential impact

There is uncertainty as to future climate policy and the tax outlook in many countries where the supply chain operates. In this regard, further regulation and other developments relating to carbon pricing, the carbon border adjustment mechanism and a more ambitious climate policy are foreseen along with an increase in the manufacturing cost of the components of photovoltaic panels/installations (structures, electrical cabling, etc.), as well as the cost of transportation resulting in a financial impact on Holaluz.

The carbon price based on the IEA's Net Zero Emissions by 2050 scenario which, following the 1.5°C warming trajectory, estimates a cost of $140 per tCO_2 in 2030.

Risk management

Holaluz's commitment to achieving net zero emissions by 2040 and the climate strategy developed for that purpose helps mitigate some exposure to future carbon pricing and environmental taxes for its operations and value chain. The right management of this aspect presents a commercial opportunity where competitors have yet to establish a clear roadmap towards decarbonisation and net zero emissions.

Within this framework, Holaluz prioritises the procurement and marketing of products from suppliers with their own SBTi targets, mitigating the potential effects of rising prices for carbon-intensive raw materials by integrating environmental criteria into the production and commercialisation of their products (e.g., companies that use renewable energy instead of fossil energy in the production of photovoltaic panels and equipment, those who extend the use of recycled raw materials, etc.).

Transition opportunity

Products and services: Development and/or expansion low-carbon products and storage technologies

Time horizon Short, medium and long term

Potential impact

The objectives of the EU's 'fit for 55' package - increasing the final consumption of renewable energy to 48% by 2030 and zero emissions for cars and light commercial vehicles by 2035 - and the growing need for storage batteries that provide flexibility and solutions to the stumbling block that is the intermittent nature of the solar resource, as well as the expansion of infrastructure for electric vehicle charging points, representing an opportunity for Holaluz to expand its business.

Managing opportunity

The promotion of products relating to storage and low carbon technologies constitutes two strategic lines of Holaluz business, and in 2024 the value proposition relating to these products is being broadened.

Transition opportunity

Market: New sources of financing

Time horizon More important in the medium and long term.

Potential impact

The emerging regulatory framework, like the EU's Green Taxonomy and the SFDR Regulation, establishes clear criteria for sustainable activities and requires transparent disclosure on financial practices with the aim of boosting investment in sustainable projects.

These regulations are already opening up new financing opportunities, and it is expected this type of mechanism will become more common over the medium and long term (in line with the EU's decarbonisation targets).

By taking advantage of these opportunities, companies (and especially those engaged in sustainable activities, such as Holaluz) can access more types of financing, reduce their costs, accelerate growth and contribute significantly to the transition to a low-carbon economy, while strengthening their commitment to environmental and social responsibility.

Risk management

In line with the above, in 2022, Holaluz developed the "Holaluz Green Finance Framework", under which the company can issue bonds and notes in accordance with the 2021 Green Loan Principles of the International Capital Markets Association (ICMA). The company has obtained a favourable evaluation from Sustainanalytics, confirming that the green financing framework is in line with the four fundamentals of those principles.

In 2022, BME's Fixed Income Market, MARF, incorporated the first Green Note Program from Holaluz-Clidom, SA for a maximum value of 100 million euros. With this programme, the company hopes to flexibly access qualified investors over the coming twelve months, as part of the strategy of diversifying sources of financing. Holaluz has structured the notes issued under this Green Note Program to qualify as a 'green instrument' under the Holaluz Green Finance Framework. The company intends to use these funds to finance renewable energy projects, mainly related to electricity from renewable energy sources and the installation and management of solar photovoltaic plants, resulting in a positive environmental impact and contributing to the Sustainable Development Goals as well as the EU's climate objectives.

As of January 2023, Holaluz is ranked number 1 in the Sustainalytics ESG risk world ranking, in the independent producers category, and has a BB credit rating, trending negatively, from Ethic Finance Ratings.



Commitment to **people**

We generate a **real and positive impact** on society

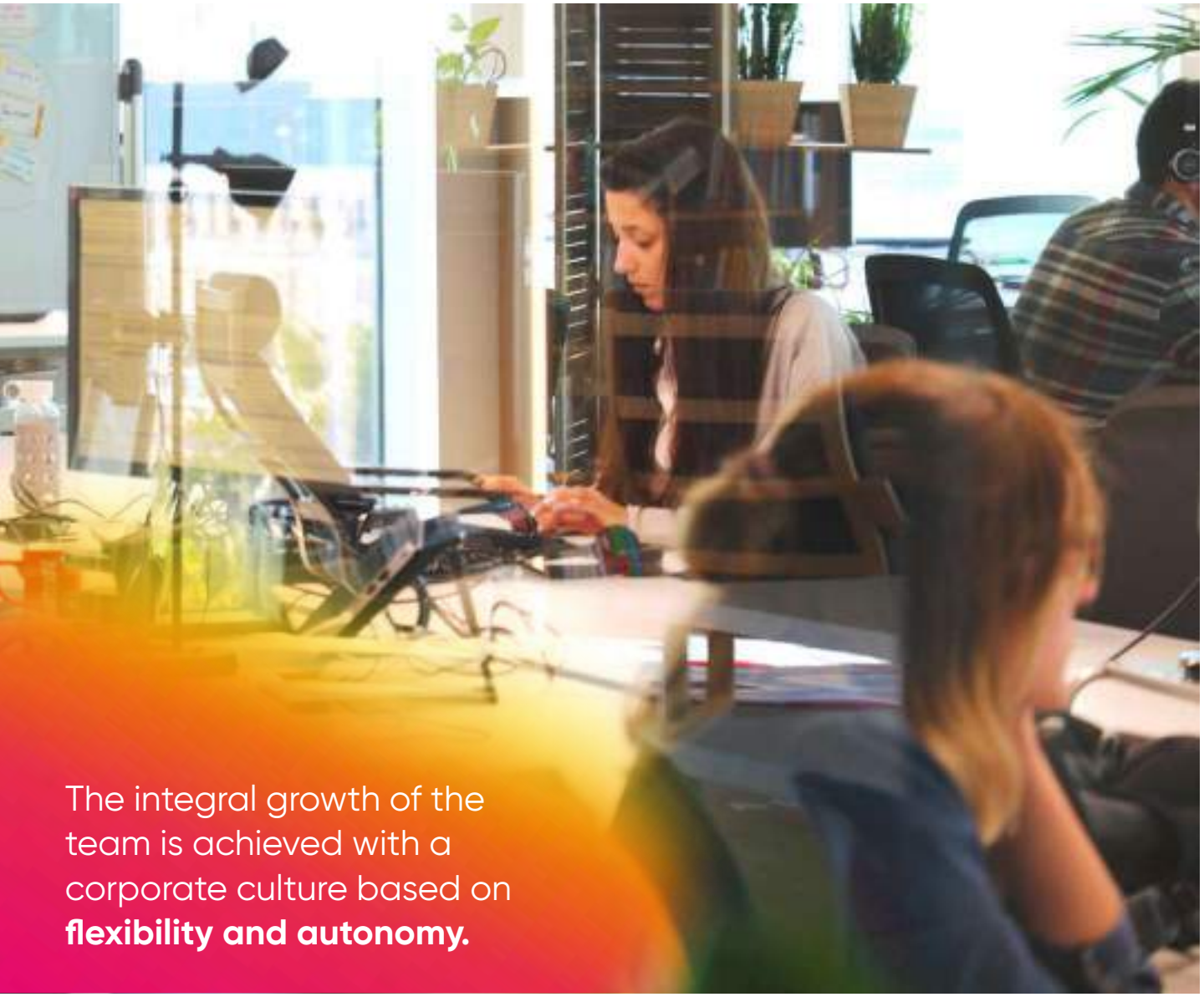
Social

Team	2023	2022
People on the team (no.)[64]	**463**	752
Women on the team (%)	**41**	40
Women in management (%)	**33**	36
Women on the Board of Directors(%)[65]	**29**	43
Salary gap (%)	**-1**	4
eNPS	**3**[66]	29
Index of frequency	**12.2**	9.7
Index of severity	**0.5**	0.2
Training (hours/employee)	**36.1**	32.4
Customers		
First contact resolution (%)	**>80**	>70
Solar customer satisfaction (out of 10)	**8.3**	8.3
Trustpilot (score)	**4/5**	–
Suppliers		
Spending on local suppliers (%)	**97**	95
Society		
Donations to non-profit organisations (€)	**207,400**	165,770

"The key to transformation lies within people. Only through them is the change we seek possible."

Ferran Nogué Collgrós,
Co-founder

64. A reduction was observed in the number of people the team due to the downturn in the residential solar energy market in Spain in 2023, which fell between 49% and 54% according to UNEF and APPA.
65. A reduction was observed in the percentage of women on the Board of Directors due to the departure of one female board member who was replaced with a male member.
66. The Employee Net Promoter Score (eNPS) is a metric used to measure the level of satisfaction and loyalty among employees. A reduction was observed in the eNPS due to the year of difficulties experienced in the sector, which also had an effect internally on the organisation itself and a lower prioritising (both of the teams and the company) in the tool that measure satisfaction and its sub-metrics like eNPS and, de facto, in the actions arising therefrom.



The integral growth of the team is achieved with a corporate culture based on **flexibility and autonomy.**

The strength of the **team**

To create a 100% renewable planet, it is essential to have a team that identifies with this purpose and makes it possible through their commitment.

That's why, conscious of the fact that **companies are the sum of the people that comprise them**, Holaluz offers its people an environment in which they can grow 360° so they can give the best of themselves. This ecosystem is also built on:

- Flexible and autonomous work
- Parity and female empowerment
- Work-life balance
- A qualified, diverse, committed team
- Project-oriented and results-driven
- Fostering health and well-being
- A young team, with an average age of 38

A results-driven organisation

Complementing the classic functional structure, the company is committed to **cross-functional and multidisciplinary teams** working with **OKRs** (Objectives and Key Results) to deliver goals that affect the entire business. These objectives include:

- Focusing the company on those initiatives with the greatest impact.
- Bringing the different teams closer to be more agile in executing cross-cutting projects.
- Giving responsibility to middle managers for business sub-OKRs and empowering them to lead the initiatives to achieved them.
- Achieving the results established.

Talent development

As well as offering a workplace where teams feel respected and recognised, Holaluz has a Workers' Policy designed for:

- **Attracting the best talent**: The people who join the team must be aligned with a company that has a purpose and sustainable vision.
- **Retaining talent through culture**: The focus is on a results-based approach that maintains motivation and the desire to achieve milestones.
- **Achieving goals through teamwork**: Sharing skills, knowledge and time is the best way to grow together and it's synonymous with success.

Holaluz Team

Holaluz's greatest asset is its people. That's why the organisation is committed to ensuring an inclusive, equal and diverse team.

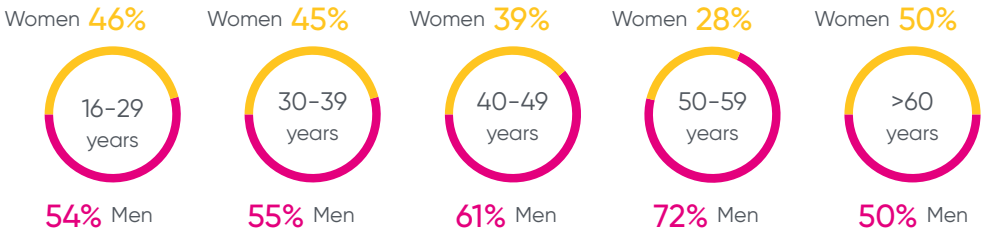
Team[67]	2023	2022
Women	**191**	298
Men	**272**	454

67. The whole team is based in Spain and the management team equivalent to Management Committee has also been hired locally in Spain.



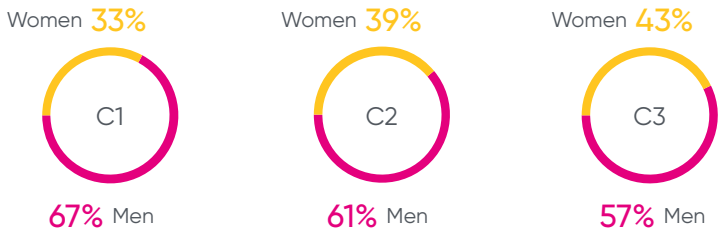
Workforce by gender and age

Age	16-29	30-39	40-49	50-60	>60
Women	46	82	44	18	1
Men	55	101	69	46	1
Total	**101**	**183**	**113**	**64**	**2**



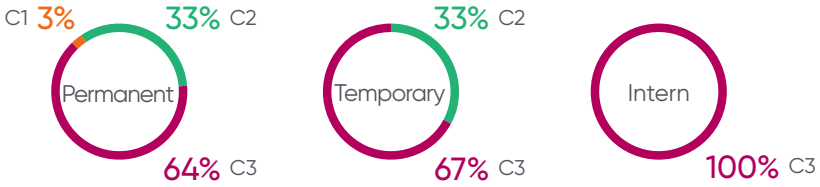
Workforce by professional category

Professional category	Management team (C1)	Middle management and qualified technicians (C2)	Operations, sales, administrative support (C3)
Women	5	60	126
Men	10	92	170
Total	**15**	**152**	**296**



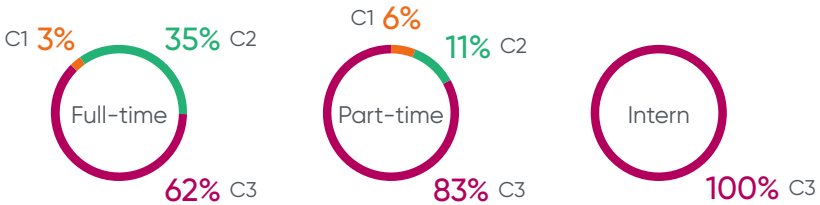
Workforce by type of contract

98%
of staff on permanent contracts



By type of working day

92%
of staff on full-time contracts







Remuneration

Holaluz **guarantees equity** of its professionals through a fair and balanced compensation. It offers a basic salary with a variable component based on targets (at company and personal level). This bonus is linked to business growth (which has a direct impact on the environment) and, from 2024, new criteria are incorporated such as customer satisfaction and achieving the main sustainability targets, encouraging the whole team to align with, and work for, sustainability.

The company also has a **Flexible Compensation Plan** which allows the team to opt to receive part of their annual salary in kind (up to 30% of annual gross salary), recognising the diversity of needs within the team and helping them take advantage of the related tax benefits. The services included in this plan are related to public transport, childcare and food.

Collective Bargaining Agreement and Work Council

All the team at Holaluz-Clidom,S.A. and Clidom Solar, S.L. are covered by the 10th Collective Bargaining Agreement for the Trade Sector for Sub-sectors and Companies without their own CBA for the years 2017-2020, which is currently in force. For the staff of Katae Energia, S.L. the applicable Collective Bargaining Agreement is that of the Iron and Steel Industries of the *comarcas* of Lleida for the years 2022 to 2023.

In 2023, the Holaluz Clidom Work Council was formed, with representation of the trade unions UGT and CGT. In 2022, the Work Councils were formed for the company Katae Energia, with representation of the trade unions UGT and CCOO; and Clidom Solar, S.L., with representation of CCOO.

Holaluz ensures to offer **fair and flexible** compensation based on a fixed salary and a variable component tied to the achievement of objectives.

Well-being, health and safety

Our policies for the well-being, health and safety of staff in the working environment contributes to their satisfaction and commitment to the company. Along these lines, the company drives **measures and habits that impact positively on the body and mind of its professionals**. Not just in work, but it also seeks to promote healthy life practices at home.

Holaluz Benefits

- Private health insurance.
- AJ - Gympass subscription with reduced price.
- Flexible working hours.
- Healthy eating, offering Fairtrade organic fruit in the offices.

Holaluz is also the first electricity company to obtain the **Baby Friendly Company** certification thanks to innovative services like childcare, *casalets* (summer camps) and family schooling.

Work-life balance

The company understands this as the balance between professional activity and personal and family responsibilities. Providing the tools necessary to achieve it, improve the well-being of the team and commitment and productivity. As well as promoting target-based work and flexible hours[68], Holaluz offers pioneering services in these areas:

- **Childcare service**, *casalets* (summer camps) and family schooling.
- **Coaching sessions** in the case of birth geared towards: improving rest, breastfeeding, nutrition, post-partum mentoring, first aid, 360 health new family, couple roles, etc.
- **Guidance** sessions and chats on **parenting.**
- **Paid** maternity and paternity leave.

68. In general, the company organises the team on a coordinated basis to achieve the established objectives. However, there are some profiles such as installation and solar sales teams who have fixed hours.



A secure and safe environment

The Holaluz team works day to day in a comfortable and respectful environment, backed by the company's Workplace Health and Safety Policy. The Occupational Health and Safety Policy is based on the fundamental principles of Health and Safety at Work, which are essential for fostering a culture of risk prevention in the workplace.

2003 also saw the formation of the **Joint Prevention Service** to assume responsibility for internal actions in this area. These actions include risk assessment, emergency plans, training plans and risk information files.

This year also saw a day of training focused on occupational risk prevention and safety awareness hosted at the Móstoles centre for all Delivery professionals (team involved in the delivering solar installations). Additionally, emergency drills have been conducted at various centers, and first aid training has been provided to the emergency team at the headquarters.

Absenteeism and accident rate (hours)[69]

			2023			2022
Absenteeism*	**Women**	**Men**	**Total**	Women	Men	Total
For common contingencies	**28,944**	**39,672**	**68,616**	11,112	19,424	30,536
Index (%)[70]	**5.0**	**4.1**	**4.4**	2.6	2.8	2.7
Accident rate						
Accident with time lost	**4**	**15**	**19**	0	11	11
Accident with time lost (hours)*	**840**	**4,760**	**5,600**	0	1,520	1,520
Frequency rate[71]	**6.8**	**15.3**	**12.2**	0	15.6	9.7
Severity rate[72]	**0.2**	**0.6**	**0.5**	0	0.3	0.2

* Not including accidents during commute, 10 in 2023.



The company also has inclusive offices as part of its commitment to universal accessibility. This means that anyone can access, transit through, and remain on the facilities with no mobility difficulties whatsoever, with elevators and bathrooms adapted for wheelchairs.

69. There was an increase in the hours of absence compared to the previous year due to the increase in the average workforce number. While in 2022 the average workforce was 572, in 2023 that figure was 720. An increase is observed in the frequency rate due to an increase in the number of own installations, with the ratio of frequency/no. of installations lower for 2023 than in 2022. An increase is observed in the severity rate compared to the previous year due, primarily, to one case with time lost representing over half of the days lost reported in 2023 for all staff. 70. Absenteeism rate: (Hours lost for common contingencies/total hours worked)*100. 71. Frequency rate: no. of accidents with time lost by sex/total hours worked per sex *1,000,000 72. Severity rate: no. of accidents with time lost by sex/total hours worked per sex *1,000



A culture of development

Here at Holaluz, personal and professional growth are also about empowering talent to assume new functions and grow within the company. To do that, there are measures and processes to **attract, motivate and retain people.** Furthermore, it holds recurring development conversations aimed at all team members, and a personalised welcome experience for new hires.

Holaluz's culture, based on **values, beliefs and practices**, guides its talent and performance management model in the form of self-assessment sessions, **constant feedback and calibration** to foster development and growth.

To foster professional development, the company uses the **70/20/10 model**[73] through the following initiatives:

- **Shake & Play**: Talent management model led by People (our team dedicated to people management) to advanced in areas like: identifying talent based on the 9 boxes model[74] (adapted to 7 in the case of Holaluz), the Personal Development Improvement Plan, and mentoring of managers from the *Human Resources Business Partner* role to ensure consistent and coherent evaluations.
- **Learning & Development Guidelines**: Training initiatives available to the team are defined, detailed and shared publicly via Notion.[75]
- **Holaluz University**: Free virtual learning centre created so that the whole team can improve their expertise in relevant areas.
- Free voluntary **language classes** in Spanish, English and Catalan for the whole team.
- **Library and reading area**: Free resources generated through exchange among the workers.

73. The 70/20/10 model holds that 70% of knowledge is acquired from job-related experiences; 20% through interactions with other colleagues and 10% from formal education. 74. The 9 *boxes* model is a talent management tool that categorises workers based on their performance and potential. 75. Holaluz platform with all the information on the organisation.

Holaluz also has the Talent Nest Programme, a plan designed for staff's family members aged 18 to 22. Through this programme, they have the opportunity to enjoy their first workplace experience and discover the company's cross-functional teams.

Training	2023	2022
Total hours	**26,014**	18,509
Employees (FTE) (No.)	**720**	572
Average hours / employee	**36.1**	32.4

It is worth noting that, in 2023, the company was recognised with a score of 83.1 in the Happy Index Trainees category, among the companies with the Best Internship and Studies Programmes. This certification is granted by **ChooseMyCompany - Certified Reviews ESG**, an international platform that evaluates the work in companies.



Holaluz Academy

In 2022, Holaluz launched Holaluz Academy with the aim of providing the company (and the sector in general) with qualified and competitive professionals to meet the high demand of the photovoltaic sector and to continue to push the Rooftop Revolution. Through this initiative, the organisation offers **specialised photovoltaic training** with professionals with extensive experience in the sector, setting the **highest standards of quality and always pursuing excellence.** Through the academy, the company has placed special focus on women, creating the world's first school for female solar installers.

With this, the company's aim to establish training guides for a fast growing sector lacking in formal studies.

Equal opportunities

At Holaluz, **equality of opportunities** and **diversity** are prioritized above gender, race, creed or other questions not related to professional talent. This determination has contributed to the company practically reaching gender parity at all levels of decision-making and in all teams.

Team	Women	Men
Total team	**191** (41%)	**272**
Management positions	**5** (33%)	**10**
Board of Directors	**2** (29%)	**5**

In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office

This parity has been achieved despite the fact that positions in the technology sector, and the specialisation in solar energy, are heavily masculinized. Conscious of this reality, the company has established quotas with meritocracy, especially in our technology and installation teams as well as other innovative solutions like the world's first school for female solar installers, created in 2022.

Along with this initiative, there are others promoting equality and diversity within the organisation as the strategic principle of corporate policy. These include:

- **The Workers' Policy**: This document describes our fair and equitable hiring process, the integration process upon joining the company and the standards and conduct expected.
- **Women's Empowerment Principles (WEPs):** Adherence to the Women's Empowerment Principles (WEPs), a set of principles established by the United Nations Global Compact and UN Women. They are based on international labour and human rights standards to foster business practices that empower women.
- **1st Equality Plan**: Together with the Work Council, a Monitoring and Implementation Committee of the Gender Equality Plan was set up at Holaluz. There was also an evaluation carried out of posts and the remuneration register. Finally, within the Work Council there sits an Equality Commission with broader scope than the Monitoring Committee.
- **Action protocol against harassment in the workplace**: The purpose of this measure is to prevent and respond to any situation of sexual, moral or gender-based harassment rapidly, objectively and confidentially, ensuring the privacy of the people reporting the incident or subject to harassment, and to determine the actions and internal sanctions arising from such harassment. The protocol is currently undergoing an update review and one of the measures that will complement this protocol is the introduction of training on sexual and gender-based harassment for all staff.
- **Diversity policy**: Measure to achieve equal treatment and opportunities, as well as to eliminate any discrimination based on ability, origin, nationality, age, or gender in the company.

- **Queer Commission**: Formed in 2023, this commission is the first affinity group of the company created by the team's own initiative, focusing on raising awareness of the LGBTQ+ community through internal events featuring team-building activities aimed at diversity training and understanding of the community. Among the activities carried out this year were the participation in the UPF LGTBusiness Mentoring programme, screenings of documentaries on the community, an inspiring talk by Lady Red Velvet, Spain's most famous drag queen, and a huge summer party to celebrate Pride.

- **Collaboration Agreements with Aura and Estimia foundations**: Together with these organisations, the aim is to foster the inclusion of people with disabilities within the company, with a focus on the long term to raise a special awareness and reach more people.

  It started with the hiring of two people with diverse abilities through the Aura foundation, providing them with mentoring to ensure successful integration and to work on this cultural change over the long term. The objective is not merely to be compliant, but to truly reinforce the culture of diversity and inclusion.

- **Treballem+B Manifiesto**: Holaluz reaffirms its commitment to inclusion through the Treballem+B Manifiesto by @Barcelona+B, a project to promote inclusion in the workplace in companies that form part of the Barcelona+B initiative.

The **Premios Aura Fundació** rewarded Holaluz in the Donors category, for fostering **training programmes that fight for diversity and social inclusion**.





Active listening

For Holaluz it's vital to know the level of satisfaction and motivation among our professionals. To do that, we have the **Officevibe tool**, through which we ask questions weekly on aspects relating to their daily work routine, their level of happiness, personal growth and recognition, among others.

Other initiatives to incentivise communication and the participation of people on the team include:

- **All Hands**: Weekly meeting of the entire Holaluz team to report on the company's performance, progress in terms of strategy and the upcoming projects of the different teams.
- **HolaTalks**: Inviting external and internal guest speakers to our offices to share their knowledge and experiences in areas with a direct impact on the company.
  - 23 February. 'Debunking Myths About Data and the Digital Economy'. Liliana Arroyo, Doctor of Sociology and expert in Social Digital Innovation, explored the context and origins of the data economy and debunked five myths about data monetization. She also spoke about the importance of data in decision-making and the ethical dilemmas that may arise.
  - 29 June. 'Recognising our privileges'. Gisette Rosas Cardona, audiovisual producer, tackled issues like the value of women and diversity in workplaces, recognition of our privileges and how to use them to improve the workplace dynamic.
- **Team building activities:** Group experiences that go beyond the every-day to experience values, share different working sessions and build team spirit.
- **Coffee roulettes:** Events (held in Spanish and/or English) where participants meet up with other members of the team either in the office or online to enjoy a coffee and learn about their roles and the work they do.

Values shared with **society**

A company's responsibility must extend beyond it's own activity. Holaluz is clear about this and, as part of the aim to change the world and build a 100% renewable planet, it also intends to generate **shared value and a positive impact on society as a whole.** With this in mind, Holaluz is committed to:

- Establishing a relationship with customers based on mutual and lasting trust.
- Having suppliers who share the values of Holaluz and the commitment to sustainability and caring for the planet.
- To contribute in a solidarity manner to the challenges faced by society.

Along the same lines, the key role the company plays when it comes to promoting the energy transition and the fight against climate change is translated into a **genuine commitment not only to current generations but to future generations also.**



Holaluz is the first European energy company to join the **B Corp** movement, which recognises those companies who work to transform the system for a **fairer, more inclusive and regenerative** economy.

Certified
B
Corporation

Supporting social well-being

While Holaluz wishes to serve society and the planet through its business model, its commitment to the community also leads it to contribute to different social causes and promote a range of events and projects that are aligned with the mission and values.

Donations and sponsorships

	2023	2022
Donations to social causes (€)	**207,400**	165,770
Sponsorships	**211,382**	–[76]

76. Not reported.



Contribution to social causes

Fundación José Antonio Segarra: This collaboration aims to defend, promote and foster the employment of people with intellectual disabilities and special needs.

Fundación FERO and Fundación Contigo: To contribute to oncological research of both foundations in their fight against cancer.

Conscious Capitalism: Holaluz is a founding company in Spain of a movement that recognises the innate potential for businesses to improve the world.

Earth Calendar: Launch of the second edition of the first and only calendar that starts on 22 April, to mark the celebration of Earth Day. It consists of an almanac that looks to raise awareness of climate change. The funds raised from sales are allocated to World Nature, an organisation that works to conserve life on earth, protecting natural spaces and biodiversity.

Fundación Quiero Trabajo: Collaboration to enrol two people in the University Specialization Diploma in Communication and Social Action Marketing at the Blanquerna Faculty of Communication and International Relations.

Open Arms: Through Holaluz's relationship with Open Arms over a number of years, the team had the opportunity to visit the Open Arms 1 ship.



The company supports community development through a broad range of sponsorships aligned with the values of the brand such as the participation in sustainable construction projects, the promotion of elite women's sport, the development of technology, major sporting events, fostering sustainability and the impact business model. The sum allocated to sponsorships in 2023 was € 211,382.

- FastHolaluz, the first private women's ski team.
- El Periódico Afterwork
- Club de Marketing Barcelona
- Bilbostack
- BCN Software crafters
- BGoodDay
- Mussara Cycling
- Radikal Swim
- Wikihousing

Strategic events that maximise shared value

Sharing knowledge and experience is vital when it comes to fostering innovation and creativity. Holaluz also looks to place value on this asset to:

- Generate trust in both the business and investor community and in society.
- Help set the agenda in the sector and foster conversation around the transformation of the planet.

In this spirit, in 2023, the company has participated in and organised several events where it provided its expertise in setting out its vision of the present and future of the sector. These include:

Sustainability and impact business model

- **Green Building Business**: Carlota Pi spoke at this event in Stockholm hosted by McKinsey & Company, to show the challenges faced and successes achieved by the founders of sustainable companies.
- **CafésConImpacto**. Within the framework of the Barcelona+B (B Lab) #CafésConImpacto initiative, the ESG team gave a talk on how the definition of a #CorporatePurpose influences a company's business model and management strategy.
- **BGoodDay**. Carlota Pi appeared at the annual meeting for the B Corp movement in Spain, discussing the keys to "Being B" and how to put a corporate purpose into practice, establishing the foundations for advancing towards a more inclusive and sustainable economy.
- **IESE Mobility**: Carlota Pi shared her vision of the future of mobility and energy together with Timo Bütefisch, CEO of Cooltra, with Prof. Marc Sachon acting as moderator.

Environment

- **The Zero Circle**: As part of this conversation on decarbonisation and the circular economy, Carlota Pi proposed putting environmental commitment at the centre of any business strategy.
- **DevBcn23**: What does running in the Arctic Circle have to do with leadership in engineering and agile transformations? Marta Padilla, new CTO of Holaluz, discussed the link, among other subjects.
- **Fixing the Future Festival**: For the second consecutive year, Holaluz collaborated with this event that seeks to provide solutions to some of the biggest challenges facing humanity where, over three days, 25 projects that might just save the world were presented.

Technology

- **4YFN**: This session saw Carlota Pi speak about how the company's impact business model has enabled Holaluz to respond to the global climate change challenge.
- **MIT Club de España**: At a discussion held on the future of the renewable energies industry, Carlota Pi spoke about collaboration opportunities to support the technological ecosystem in Barcelona.
- **TechSpiritBarcelona**: At this edition, organised by Tech Barcelona, Holaluz shared its vision as an energy transition technology company.
- **AI as a strategic innovation for the European economy**: At this event on Artificial Intelligence (AI), Manuel Bruscas, VP of Data of Holaluz, participated as a speaker.
- **AWSsummit**: Members of the Technology team delivered the session "The technology of AWS for the management of renewable and responsible energy".
- **TechDay**: Internal meeting that served to align the Product and Technology teams and share what they've achieved in the last six months. Over the course of the day, the teams presented their achievements, followed by the management, who presented their strategy.

Investment community

- **NOAH Conference 2023, Zurich**: Carlota Pi presented the Holaluz strategy and the Rooftop Revolution, highlighting the company's commitment to decarbonisation and how the business model helps tackle climate change and generate a positive impact on society and the planet.
- **Frankfurt European Midcap Event**: At this event, Carlota Pi spoke to German investors about Holaluz's impact business model's and investment possibilities.
- **JB Capital renewables**: Carlota had the opportunity to meet with a select group of investors to share the company's strategy for decarbonising the planet.
- **Foro Medcap**: Carlota Pi shared Holaluz's significant progress since floating on the stock exchange with investors, and the future strategy of the company.
- **Verbund Inspire Energy Conference**: Through a video, Carlota Pi explained Holazluz's vision for, and commitment to, a decentralised energy model.
- **Giant Ideas London**: Together with over 200 founders, CEOs, Heads of State and leaders, Carlota Pi was on hand to debate and explore transformative ideas that use technology as a force for good.

Holaluz contributes its expertise to share its **vision of the present and future of the sector**, while generating trust in the community.

Customer obsession

Holaluz's customer obsession involves putting the customer at the center of all its decisions, building a relationship of **mutual trust**. This way, the company's objective is to transform the users experience, while offering them maximum savings thanks to innovation in the technology it develops as well as in its products and services.

- Focus on the customer and throughout the whole useful life of the installation.
- Use of artificial intelligence to accelerate the solutions for customers.
- Optimisation of solar surpluses to deliver greater savings.

Holaluz's **solar customer satisfaction** is **8.3 out of 10** and the company holds a score of **4 stars** on Trustpilot.

Trustpilot



The customer: at the heart of all decisions

Our relationship with the customers is fundamental for the company. Therefore, the established model in **Customer Care** (the team responsible for addressing customer needs) is to work on the contact from the moment the first interaction takes place.. This is carried out under different channels managed by the agent through Lumo, a tool the provides usability and allows them to resolve 80% of incidents on first contact on average (FCR), 10 points above the previous period.

The quality of customer service is crucial to Holaluz. In this regard, the company has a Quality Policy and has implemented a quality management system in accordance ISO 9001, obtaining certification in March 2023.

AENOR GESTIÓN DE LA CALIDAD ISO 9001

Along similar lines, the organisation holds the **Confianza Online Seal**, the Spanish quality seal that recognises those companies who deliver maximum transparency, security and trust for customers browsing and shopping on their websites.

CONFIANZA ONLINE

The company is also a member of the **Spanish Association of Experts in Customer Relations (AEERC)**, a non-profit organisation whose mission is to provide its members with the necessary tools to improve their customer service.

aeerc Asociación Española de Expertos en la Relación con Clientes

Optimal customer experience



The company's efforts involve providing solutions that meet the needs of every customer. With this objective, market research projects are developed using **qualitative techniques, in the form of in-depth interviews, and quantitative techniques, in the form of surveys,** to understand the circumstances of customers, and to improve and adapt products and services to their reality as well as the processes and interactions to ensure an excellent customer experience.

Holaluz also has a Non-payment Policy, based on humanity and respect. Power is never cut off on Fridays. All reconnections are handled within 48 hours (most within 24 hours), and a wide range of payment options are offered to help customers get through difficult times.

Secured data

The **security of customers' data** is a priority. The company has a **Security Plan** detailing the steps to follow to improve the management of information security, through the implementation of processes in accordance with standard ISO 27001. The company expects to acquire this certification over the coming months after the completion of this report, ensuring the protection, confidentiality and integrity of information, and the processing systems used.

During the current financial year, efforts have been made to improve backup and disaster recovery processes to enhance the resilience of Holaluz's infrastructure for all eventualities.

Audits and intrusion tests are also carried out on IT systems and solutions implemented to improve and automate information security management. There are also verification mechanisms in place for customer service to ensure that information is only provided to the right user. Holaluz teams are also trained on a regular basis.

Finally, Holaluz has also joined the **INCIBE-CERT** programme of the Spanish National Cybersecurity Institute (INCIBE), which includes asset supervision and access to early security alerts.

incibe-cert_

The company's Security Plan sets out the steps to be followed to improve **information security management**, through the implementation of processes in accordance with **ISO 27001.**

Suppliers

For Holaluz, the suppliers and business partners it collaborates with are fundamental and strategic actors. Therefore, as part of its commitment to a sustainable management model, it seeks to build **long-lasting relationships** while promoting **local and nearby purchases** whenever possible.



Responsible, transparent and sustainable suppliers are crucial to achieving the energy transition and the decarbonisation of the economy.

Diversified supply chain

The company has a diversified network of suppliers and collaborators, thus ensuring the organization's operation in the face of any unforeseen circumstances in the global logistics market. This way, risks are mitigated, while ensuring supply and service to customers at all times.

In the same vein, Holaluz partners only with organisations that share its vision, values and commitment to sustainability. This is the only way to build the future and lead the transition of today's energy sector. With this in mind, the company collaborates with:

- **Green energy distribution and transport companies** established by the government according to the geographic area.
- **Independent producers of 100% green energy** in Spain and Portugal in the electricity market (OMIE).
- **A network of installer companies** for the development of the solar installations at specific locations.
- **Material suppliers** that offer the best value for money in accordance with the needs of customers and Holaluz's sustainability criteria.
- **Providers of professional services**, such as call center services, to handle communications with existing and potential customers.
- **Technology providers** who, through a robust and mature platform that is constantly subject to innovation, allows Holaluz to rapidly adopt new formulas to add value for the customer.

Sustainable supply chain

In order to establish a good long-term relationship with its partners, Holaluz has a Contracting and third party relationship and negotiation policy which also serves to ensure the partners' commitment to **compliance with legal, ethical and anti-corruption standards**.

2023 saw the approval of the Sustainable procurement policy which establishes a series of principles and commitments that guarantee the alignment of procurement activity with the company's vision and ESG commitments within the framework of the United Nations' Sustainable Development Goals (SDGs).

It is worth noting that the organisation is governed by principles of transparency and lawfulness in all contracts and commercial negotiations. Holaluz has zero tolerance for corrupt practices and requires that commercial partners adhere to its Ethical code.

97% of spending on suppliers went to **local suppliers**[77], a figure similar to the previous year.

77. Those companies tax-resident in Spain are considered local suppliers.

Assessment and approval processes

The company has developed ***ad hoc* assessment and approval processes** for each type of supplier. For example, in the case of external installation companies, both safety visits to the installations and coordination meetings are conducted to review the incidents detected on-site, the documentation of the installation team's company, and the safety criteria they apply. The agreement with these companies also details the quality and safety standards to be met, as well as the types of materials to be installed.

With respect to the suppliers of the main components for solar installations (solar panels, inverters and batteries) the company conducts an **environmental, social and governance (ESG) performance evaluation** through a questionnaire in which the supplier must provide supporting evidence and documentation for their performance in these areas. Once that is completed, a follow-up meeting is held between the sustainability teams of both organisations. All suppliers must implement good sustainability practices and hold certifications in this respect such as ISO 14001, ISO 5001, SA 8000, EcoVadis, etc.

As a demonstration of Holaluz leadership in sustainability, and although it works with leading suppliers in the sector, of a size often much larger than that of the company itself, as well establishing direct communication with their sustainability teams, it also carries out **site visits at the factories producing** these components. In 2023, the Holaluz team visited factories producing solar panels, inverters, batteries, electrical material and cables, covering the main manufacturers of the equipment for its solar installations.

As a demonstration of its leadership in sustainability, Holaluz demands **direct communication** with the sustainability teams of the main manufacturers of the equipment for its solar installations. In 2023, it made **on-site visits** to the origin factories of these components.



Responsible **Governance**

We promote **ethical management** built on robust policies and procedures

Corporate governance

	2023	2022
Independent members on the Board of Directors (%)	**29**	29
Board of Directors attendance (%)	**100**	100
Communications received via Alert Channel (no.)	**16**	28
Investment in R&D digitalisation (€M)	**13**	15.5
Membership of associations and other entities (no.)	**9**	6



"Sustainability is part of our DNA. ESG is a constant in every key decision Holaluz takes. That's non-negotiable."

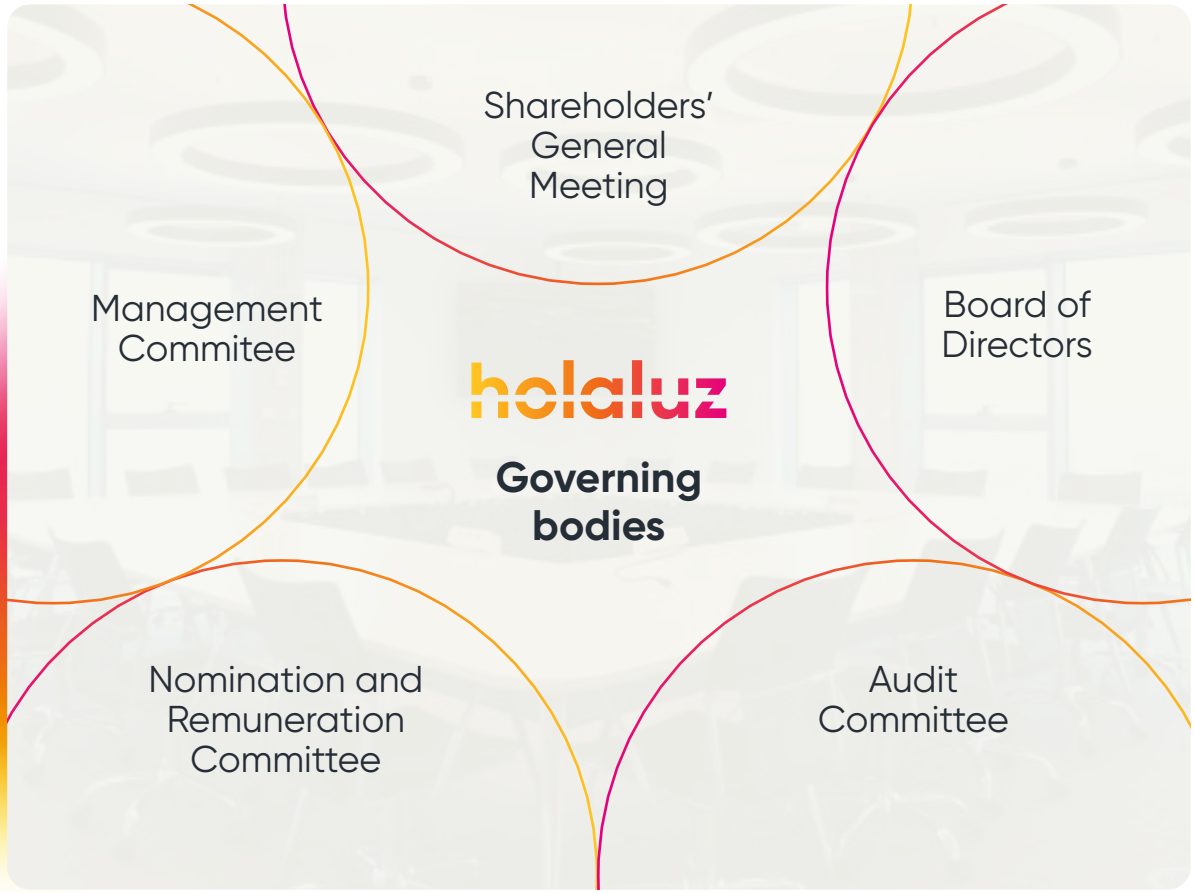
Albert Pastor Pérez,
Chief of Staff

Corporate governance

Over the last decade, Holaluz had grown from a green technology company to become a fully integrated energy transition company revolutionising the way energy is produced, consumed and managed in the country of the sun. This transformation has come about on the basis of a **solid system of governance** that fosters ethical and sustainable management and the assessment, control and supervision of all matters relating the to risks and opportunities in the area of ESG.

Acting with responsibility and building trust are part of the company's strategy, goals achieved through **good governance** that promotes **transparency and impact measurement**.

As of 31 December 2023, the main governing bodies of the company are:



Shareholders' General Meeting

Meeting in which shareholders discuss and decide upon crucial matters for the company, including election of the Board of Directors, approval of financial statements and other questions of strategy and corporate governance.

Board of Directors

In accordance with Article 31 of the Articles of Association, Holaluz is managed and represented by a Board of Directors[79] consisting of the number of members established by the Shareholders' General Meeting, with a minimum of five and a maximum of twelve members. There is no prior requirement to be a shareholder of the company to serve as a director.

Given the importance **ESG** to the company, the **Board of Directors is responsible for this area.** Its functions therefore include reviewing progress with ESG indicators during its meetings.

It is worth noting that Holaluz is run by experienced professionals with extensive experience in the sector.



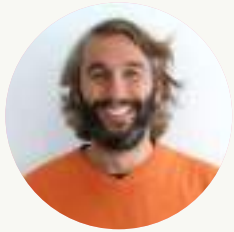
Carlota Pi
President



Alfonso de León
Vice Chairman



Ferran Nogué
Executive Director



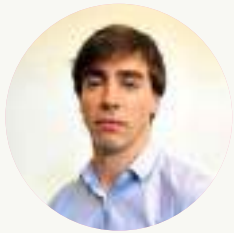
Oriol Vila
Executive Director



Enrique Tellado Nogueira
Independent board member



Elena Gómez del Pozuelo
Independent board member



Jordan Sáenz
Director

79. Board of Directors at 31/12/23. The years of experience of the members of the Board of Directors are as follows: Carlota Pi, Ferran Nogué and Oriol Vila: 13 tears; Alfonso de León: 7 years; Enrique Tellado : 4 years, Elena Gómez del Pozuelo and Jordan Sáenz joined in 2023.

Audit Committee

The role of the Audit Committee is to advise and provide specialist assistance before both the Shareholders' General Meeting and the Board of Directors in relation to the external audit, risk control systems and the preparation of information. Its functions are detailed in Article 13 of the Regulations of the Board of Directors de Holaluz-Clidom, S.A.



Enrique Tellado Nogueira
President



Alfonso de León
Member



Elena Gómez del Pozuelo
Member

Nomination and Remuneration Committee

This Committee is responsible for improving corporate governance so that nominations, remuneration policy and the structure of the Board of Directors are aligned with the company's long-term interests. Its functions are detailed in Article 14 of the Regulations of the Board of Directors of Holaluz-Clidom, S.A.



Alfonso de León
President



Enrique Tellado Nogueira
Member



Elena Gómez del Pozuelo
Member

Management Commitee

The Management Commitee is the governing body within the company responsible for strategic decision making and general management. It meets weekly to discuss, and make decisions on, important strategic, financial and operational matters for the company.

ESG as a pillar of good governance

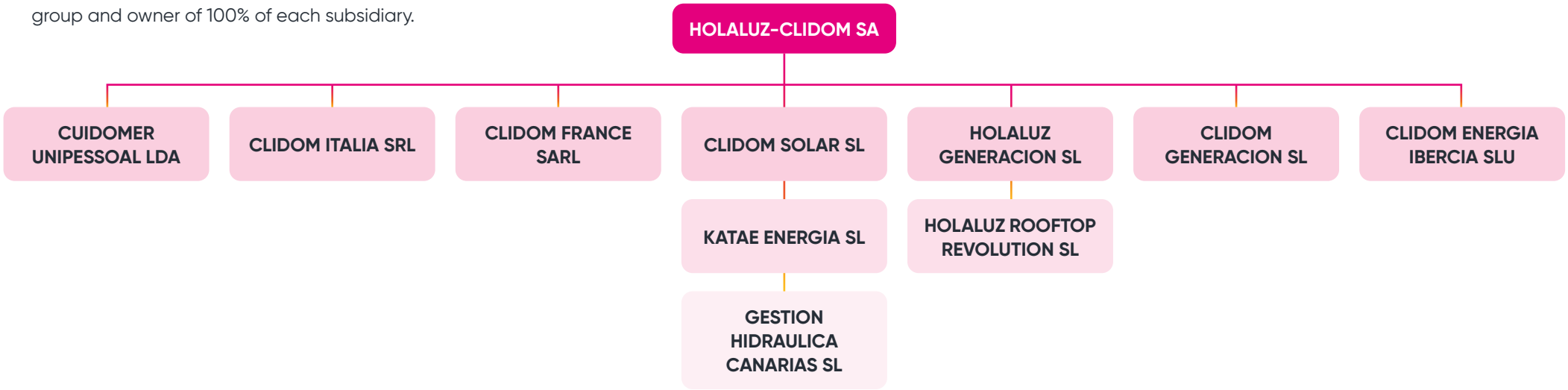
Two years ago, the company created the **Impact Team**, a cross-functional team made up of Carlota Pi, President and Co-founder of Holaluz, and directors from different areas of the organisation, responsible for reviewing **projects relating to sustainability**, and **ensuring the company's strategy aligns with its stated purpose.**

The Impact Team meets bimonthly and is especially important within the structure of the company, as it is also responsible for implementing the commitments and targets set out in ESG policy and developed in the ESG Strategy which is updated periodically.

The team has managed to consolidate itself as the driver of sustainability within the organisation and boasts high participation rates among its members.

Company structure

Holaluz-Clidom S.A. is the parent company of the group and owner of 100% of each subsidiary.



Risk and opportunity management

A sustainable business must identify the risks linked to its activity, both internal and external. In this regard, Holaluz not only conducts analysis of risks and opportunities, but also efficient and strategic management of them.

Risk management at Holaluz is based on **identification, anticipation and mitigation**, as well as commitment to the company's purpose.



Control and management system

Holaluz has a control and management system to identify the risks to which the company is exposed and to draft an action plan that helps take advantage of the opportunities arising from its commitment to sustainability. For that, the company has a Risk control plan.



This plan, which is updated annually, includes a map to identify the risks and a compliance programme used to draft action plans to mitigate those risks and implement the recommendations made in each review. The results of reviews are agreed and submitted to the Audit Committee.

Some of the risk factors to which the company is exposed are:

Risk factor	Scope of risk
Market	• Price of electricity and market liquidity risk. • Error estimating future demand ("deviation risk"). • Market concentration and competition. • Changing macroeconomic conditions (Spain and Europe): correlation between aggregate national electricity demand vs GDP, interest rate changes. • Geopolitical crisis affecting the supply chain (stock for photovoltaic installations: panels, batteries, EV chargers, etc.).
Operational	• Non-compliance with the business plan and financial estimates. • Derivative exposure. • Technology: cybersecurity and interruption of operations. • Dependence on electricity transport and distribution networks. • Negotiating power of some suppliers. • Reputational.

Risk factor	Scope of risk
Regulatory	• Holaluz operates in a liberalised but regulated sector (changes in VAT, electricity tax, changes in distribution charges, gas cap, etc.). • Self-consumption is exposed to legal uncertainty (taxation of surpluses). • Access to subsidies and NextGen grants for photovoltaic installation and Technological Innovation.
Financial	• Liquidity: need for cash, deposits and sureties to develop ordinary business of commercialisation of electricity, and how to develop hedging strategy (through derivatives, OTC and PPA). • Need for external financing. • Defaulting on creditors and financing constraints. • The Company cannot guarantee it will be able to obtain additional capital or financing. • The company cannot guarantee subsidies in the sector. • Credit of the Company's counter parties. • Client rotation. • Legal action and extra-judicial claims. • Conflict of interest with related parties.

Ethics and integrity in action

Everyone who collaborates with Holaluz must conduct their activities in accordance with legislation and current regulations, as well as the values and ethical principles outlined in internal regulations. The Board of Directors is also directly involved in the implementation of good governance policies, overseeing, through the Compliance Officer, the implementation, supervision, and compliance with legislation, sectoral regulations, and internal protocols.

The **Compliance Officer** is the person responsible for detecting, preventing, addressing and correcting any conduct that might violate the Ethical code and the policies that establish values and guidelines or laws in force which may result in liability for the organisation.

Policies and procedures

The company has a set of policies and procedures that govern its activities in different areas, always in pursuit of operational excellence.

Sustainability

- ESG Policy

Integrity and good governance

- Ethical code
- Alert channel policy
- Quality policy
- Contracting and third-party relationship and negotiation policy
- Sustainable procurement policy
- Anti-corruption Policy
- Crime prevention policy
- Anti-Money laundering and countering the financing of terrorism manual
- Conflict of interest management policy
- Relation with regulators and public bodies policy
- Tax management and communication with tax authorities policy
- Selection and appointment of auditors policy
- Communication policy and contacts with shareholders, institutional investors and proxy advisers

Social commitment

- Workers policy
- Human rights policy
- Occupational health and safety policy
- Diversity policy
- Action protocol against harassment in the workplace
- Social action policy
- Unpaid policy

Other policies

- Privacy Policy
- IT security policy and use of devices
- Use of creations and distinctive signs of third parties policy
- Documentation policy

Legal corporate documentation

- Supplement to Market Flotation Information Document (DIIM)
- Information document of incorporation to the alternative stock market
- Internal code of conduct
- Rules and regulations of the board of directors
- Regulations of the shareholders' general meeting
- Articles of association

Internal control

The pillars upon which the company's good governance is based are the **Regulatory Compliance Programme** and the Ethical code.

The Regulatory Compliance Programme establishes the principles, procedures and tools to manage the legal obligations upon the company and mitigates the risks of non-compliance. It also contains an analysis that includes potential criminal risks linked to its activity.

For its part, the Ethical code sets out the **values that inspire the company** to achieve its objectives and the guidelines for behaviour. Non-compliance with the Code is considered serious misconduct and may lead to disciplinary action. The Code also defines the company's ethical principles, applicable for the entire Holaluz community.

1. **Zero tolerance for corruption**: Holaluz always seeks to be a lawful and impeccably managed business.

2. **Compliance with standards**: Any action that violates legislation or principles of conduct is rejected. Holaluz does not work with third parties that breach ethical rules or practices.

3. **Integrity**: Fraudulent, discriminatory, abusive, offensive, or disloyal behaviors are not tolerated within the company, in decisions, and in relationships with customers, suppliers, or third parties.

4. **Diligence**: All Holaluz members and partners are expected to exercise caution and professionalism in the performance of their duties.

5. **Loyalty and confidentiality**: Holaluz ensures confidentiality and responsible use of information within the company. Holaluz members must keep all facts and information in their possession in the strictest confidentiality.



The Ethical code should inspire the behaviour of all members of the organisation (partners, administrators, directors, staff and dependent personnel) and our main allies in the development of the business (collaborators, suppliers, subcontractor companies and business partners). In fact, the adoption and acceptance of same is an essential requirement for these stakeholders who intend to maintain some form of commercial relationship with Holaluz or any other Group company.

Alert Channel

All natural or legal persons who have a relationship with the company have access to the Alert Channel through a form, by email or by post (for the attention of the Compliance Officer, with address: Passeig Joan de Borbó, 99-101, 4a planta, 08039, Barcelona). The Alert Channel Policy regulates the use of this Channel.

In 2023, Holaluz received 16 communications through Alert Channel, of which 4 were considered complaints. In 2022, 28 communications were received, but none was considered as formal complaints.

In the event or receiving a complaint, the Compliance Officer is responsible for registering and analysing it. All notifications are treated with the **strictest confidentiality**, preserving the rights of the complainants and those subject to complaint. In this regard, the use of the Channel in good faith can never lead to negative consequences or reprisals of any kind against the complainant.

In the event of detecting objective evidence of an infraction or irregularity, the role of the Compliance Officer is to open an investigation. Once finalised, a detailed report is drafted, with the result and a proposed resolution. This will be communicated to the Board of Directors, which is the body responsible for adopting the decision on the resolution for each complaint, including the relevant disciplinary measures (always coordinating with the People team) and the actions arising from said resolution. Similarly, said result will be communicated to the complainant and the person subject to compliant using a form with acknowledgement of receipt.

The term for the processing, research and resolution of each alert must not exceed three months, except in exceptional cases.

The Alert Channel ensures the **detection, prevention, addressing and correction** of conduct that may violate ethical principals or legislation.

It is worth highlighting that the Alert Channel Policy is provided to all staff and third parties to whom it is applicable on the website. They are also offered compulsory training on this subject both when joining the company and over the course of their employment - at the frequency determined by the Compliance Officer - through the internal Holaluz University platform.



Crime prevention

Holaluz has a crime prevention model[80] adapted to its activity and dimensions, which is currently in the process of being reviewed and updated. It is managed by the Compliance Officer.

The company has never engaged in anti-competitive practices. In fact, it has proposed several regulatory changes to foster customer competence and empowerment. To manage these aspects, Holaluz has:

- Anti-corruption Policy
- Conflict of Interest Management Policy
- Relation with Regulators and Public Bodies Policy
- Selection and Appointment of Auditors Policy

In terms of taxation, the organisation has a Tax Management and Communication with Tax Authorities Policy that establishes the guiding principles of integrity, prudence and transparency for the system of management, control and compliance with current legislation.

The Crime Prevention Model boosts the commitment to **regulatory compliance**.

80. Elaborated based on a study of the criminal risks to which the company is exposed.

Human rights

The path to sustainable development must at all times uphold total respect for human rights. As part of its responsibility, Holaluz is committed to the protection and promotion of human rights throughout the entire value chain, aligning its operations and procedures with the provisions of its Human Rights Policy, approved in 2023 in accordance with:

- The United Nations Guiding Principles on Business and Human Rights.
- The Ten Principles of the Global Compact.
- The OECD Due Diligence Guidance for Responsible Business Conduct.
- Conventions of the International Labour Organisation (ILO) (including Convention 169 on indigenous peoples and tribes).
- Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the International Labor Organization.
- The United Nations SDGs.

This Policy tackles, among others, the impacts of the elimination of forced or compulsory labour, the effective abolition of child labour and compliance with the provisions of the fundamental conventions of the International Labor Organization (ILO).

The Ethical code also refers directly to human rights in the definition of the conduct expected, such as freedom of associations, non-discrimination, integrity and due diligence. Other policies and procedures mentioned previously, such as the ESG Policy and the Sustainable Procurement Policy, also reinforce this commitment, which is cross-cutting in the company and articulated throughout the value chain.

The company has received no complaints for violation of human rights during the period reported. In 2022, no complaints were received either.



Business & Human Rights Accelerator

In 2023, the company participated in the Business & Human Rights Accelerator, an international learning programme organised by the **United Nations Global Compact** which provides companies with the tools and knowledge to establish a **continuous process of due diligence around human rights**, as established in the Guiding Principles on Business and Human Rights.

In this first edition, the programme saw the participation of more than 650 companies from over 35 countries and the collaboration of **Shift**, an expert organisation in business and human rights affairs, as well as other individual experts and organisations to support the program through their knowledge and experience, such as the International Labor Organization (ILO).

Within the framework of this project, the company made progress in the following areas:

- Identifying impacts in the area of human rights.
- Prioritising the impacts of human rights.
- Developing a specific action plan for those risks identified as most significant.
- Consideration for involving stakeholder groups in the due diligence process, as well as understanding and implementing complaint and remediation processes.



Strategic **partnerships**

Holaluz is an **active and influential player in the energy sector**. That's evidenced by the company's participation in associations and forums that promote renewables and help foster the Sustainable Development Goals.

The company **is a sector leader when it comes to participating in sectoral debates on the energy transition**. This allows the company to present its vision of an open and democratic distributed energy model to drive the **creation of innovative sectoral policies**.

As well as being part of the public debate, Holaluz also **communicates its vision** through the media. In 2023, Holaluz published dozens of articles in specialist and general media.

Holaluz is a **recognised company with the legitimacy to make proposals in relating to public decisions**. It shares its proposals for the improvement of the electricity model with bodies like the Ministerio de Transición Ecológica and the Instituto para la Diversificación y el Ahorro de Energía (IDAE).

Holaluz is also actively involved in the Self-Consumption Working Group of the Comisión Nacional de los Mercados y la Competencia (CNMC), working together with institutions and sectoral associations. This working group will produce consensus reforms that establish the **future regulatory framework for distributed energy**, especially for self-consumption.

On the other hand, the organization impacts the industry through its position in the leading sectoral organizations in the energy field, influencing its climate vision and ambition. Holaluz currently holds the vice-presidency of the Unión Española Fotovoltaica (UNEF), the most representative and recognised association in the Spanish solar photovoltaic sector.

The company is also a **member of the Management Commitee of the storage association AEPIBAL** and coordinates the storage and self-consumption working group. It is also part of the **Alianza por el Autoconsumo** (Alliance for Self-consumption) a platform promoting self-consumption with **extensive representation in civil society.** The alliance has the support of the main consumer, environmental and business associations and trade unions.

At European level, the company's presence has grown through participation in the European association Solar Power Europe. European policy sets the course for regulatory development in member countries and is closely aligned with the incorporation of a greater number of distributed resources, as well as the possibility of energy sharing.

These partnerships allow Holaluz to consolidate its position as an advocate of a distributed, green and democratic energy model, both nationally and internationally. Thanks to this approach to interacting with the environment, **the company generates shared value, as well as learning and sharing best practices and strengthening relations with stakeholders**.

Holaluz is an impact organisation that seeks to **inspire the business community** to tackle **global challenges**.

Organisation	Description	Form of participation
Photovoltaic industry		
UNEF Unión Española Fotovoltaica	The most broadly representative national solar photovoltaic association in Spain, with more than 750 member companies, the meeting point for networking and representation of interests.	Vice-presidency, a position from which it actively promotes solar energy and self-consumption.
AEPIBAL	AEPIBAL covers the entire value chain in the sector. The association's objective is to represent the interests of companies in the sector before national and European public administrations.	Member of the Management Commitee and coordination of self-consumption and storage working group.
alianza por el AUTOCONSUMO	Platform formed by over 60 organisations to promote renewable energy self-consumption. The alliance boasts extensive representation across civil society and includes the leading consumer, environmental and business associations and trade unions among its members.	Member.
ESIA European Solar PV Industry Alliance	Created by the European Commission and managed by EIT InnoEnergy, the European Solar PV Industry Alliance facilitates the innovation-driven expansion of a resilient solar industrial value chain in the EU, in particular in the PV manufacturing sector. Holaluz has joined this alliance to cooperate in the development of a collaborative framework between manufacturers and buyers to respond to the growing demand for solar products.	Member.
SolarPower Europe	Link between the policymakers and the solar PV energy value chain. Its mission is to ensure that solar energy becomes the principal source of energy in Europe by 2030, with its members making solar energy the nucleus of an energy system to achieve climate neutrality in the EU by 2050.	Member.



Organisation	Description	Form of participation
Technology		
adigital	Organisation made up of more than 550 companies from key sectors of the digital economy united by a common goal: to create an optimal environment for the development and growth of the digital economy in Spain and Europe, for a more open, competitive and sustainable society, with a special focus on digital ethics.	Participation in testing of the algorithmic transparency certificate for companies.
ESTECH	Platform of high-growth technology-based companies in Spain aimed at promoting the development of a technology and digital-based productive fabric that will reach 40% of GDP by 2030.	Member.
Diversity, equality and inclusion		
c•persona	Non-profit organisation whose purpose is to drive social transformation through a collaboration and support network for social co-responsibility that's possible thanks to the integration and harmonization of the different social spheres (government, communication, business, education, social initiative and health).	Member of the General Assembly and Honorary Partner.
Customer service		
aeerc Asociación Española de Expertos en la Relación con Clientes	The AEERC is a non-profit association whose mission is to equip its members with the tools to excel in their profession: customer service activities.	Member of the Board of Management.





Economic impact

We generate **economic, social, and environmental value** for people and the planet

Economic results

	2023	2022
Gross margin (€m)	**62.7**	83.2
Normalised EBITDA (€m)	**4.3**	14.3
Revenues (€m)	**614.6**	919.8
Taxonomic revenue (%)	**4** (100)*	3.3
Taxonomic CAPEX (%)	**44** (100)*	41.7
Taxonomic OPEX (%)	**33** (100)*	50.7



*The value of the indicator, included in parentheses, encompasses the activities related to the supply of 100% green electricity and representation in OMIE. Although these are not currently considered eligible activities according to the Taxonomy because they are not listed in the Climate Delegated Act or the Environment Delegated Act, these two activities are essential for achieving the European Union's climate goals. Therefore, the EU may expand the activities considered in the Climate Delegated Act by incorporating them.

"With our ESG DNA and our unique business model, we achieve financial results that demonstrate it is possible to create an energy transition company with a real impact on the environment".

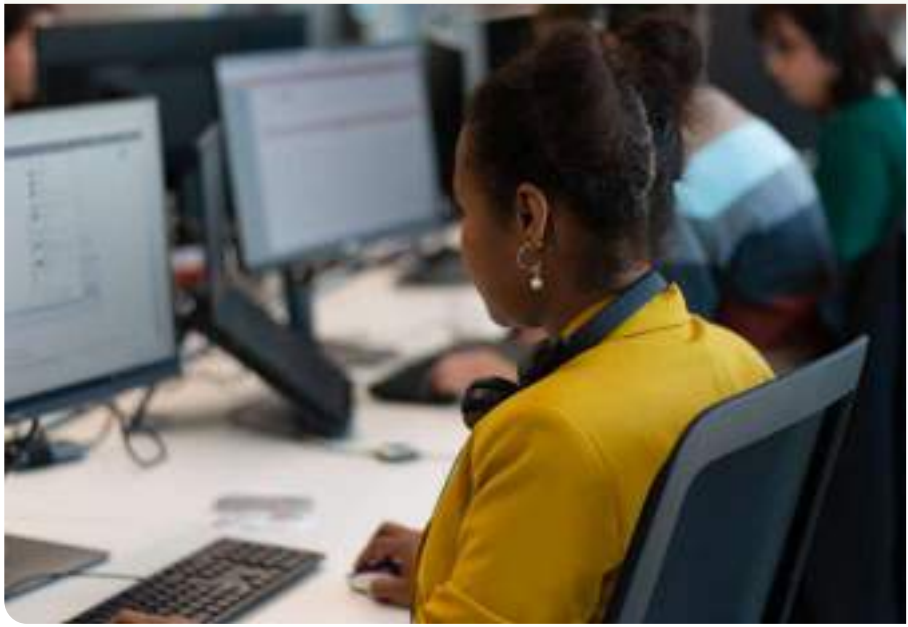
Foix Valdé Via,
VP Operational Finance

Financial **results**

Summary of the consolidated income statement

2023 closed with a consolidated turnover amounting to 614.6 M€ (919.8 M€ in 2023). **Normalized EBITDA[81] was 4.3 M€** (vs 14.3 M€ in 2022), **overachieving our guidance provided in Jan '24** (3 M€). These numbers are materially lower year-on-year due to the weaker market backdrop attributable to industry and economic headwinds, as detailed below. However, significant progress was made in reducing operating costs against the difficult trade backdrop, with a 23% reduction to 38.2 M€ as a result of concerted actions including headcount reduction and efficiencies.

€M	31.12.23	31.12.22	Change
Sales	**614.6**	**919.8**	-33%
Energy Management	**589.7**	889.1	-34%
Solar	**24.9**	30.7	-19%
Gross Profit	**62.8**	**83.2**	-25%
Normalized Operating Costs[82]	**-38.2**	**-49.8**	23%
Normalized EBITDA[83]	**4.3**	**14.3**	-70%
EBITDA	**-22.8**	**-0.2**	-



81. Normalization of EBITDA derives from the accounting change introduced by the Resolution dated February 10, 2021 issued by the Spanish Accounting and Audit Institute (ICAC) enacting the regulations for recognising, measuring and preparing financial statements for the recognition of revenue from the delivery of goods and rendering of services. The said resolution provides that incremental costs of obtaining a contract shall be recorded as Short-/Long-term Periodifications in the assets side of the consolidated balance sheet and under Other operating expenses in the consolidated income statement. That is, customer acquisition costs are no longer amortized, but the portion corresponding to the year is taken to the income statement (to advertising and publicity) and the rest is accrued in the balance sheet. This criterion has been adopted as from January 1, 2021, amending the comparative figures in both the balance sheet and the income statement. The impact of ICAC's resolution on the calculation of EBITDA amounts to 18.4 million euros at December 31, 2023 and 14.5 million euros at December 31, 2022. Normali<ed EBITDA has been calculated by reclassifying 14.5 million euros related to OPEX to Depreciation and Amortisation, following the criterion applied in prior years and prior ICAC's resolution.

Extraordinarily for year 2023, the Normalized EBITDA does not include: i) the extraordinary 4.8 M€ loss related to the gas not consumed in 2022-23 winter due to the decommissioning of the Gas Business in Q4 '22. The gas was sold in 2023 at a lower price with respect its acquisition cost; ii) the ERE cost amounting 1.5 M€ (severances paid to the people made redundant at the end of the year + legal costs related); iii) 2.5M€ of extraordinary cost coming from a contractual dispute with a PPA in Portugal; and iv) other minor concepts amounting -0.2 M€.

82. As EBITDA, normalized operating expenses do not include accruals (previously amortization of customer acquisition costs. They do not include the "Other income" heading. Normalized operating expenses have been calculated based on Other operating expenses amounting to 57.6 M€ (64.3 M€ in Dec'22) and reclassifying 18.4 M€ related to OPEX to Depreciation and Amortisation, following the criterion applied in prior years and prior ICAC's resolution (14.5 M€ in 2022). Extraordinarily for 2023, in this calculation there are also 0.9 M€ of legal costs coming from ERE and the fund and debt raising processes the Company is involved in.

83. Same footnote comments #81. There is a reconciliation table between ordinary EBITDA and Normalized EBITDA in page 113 of this report.

Sales

Consolidated turnover for FY2023 amounts to 614.6 M€ (918.8 M€ in FY2022).

Revenue for the Energy Management business was 589.7 M€ (889.1 M€ in FY 2022; 34% decrease). This revenue decrease is essentially explained by the decrease in average electricity prices, decreasing from an annual average of 204 €/MWh for 2022 to 99,5 €/MWh for 2023.

Revenues (€m)	2023	2022	Change
Energy management	**589.7**	**889.1**	-34%
Electricity & Gas	**258.2**	468.4	-41%
RtM	**331.5**	420.7	-21%

The **electricity commercialization activity** was 42% (47% in 2022) of the total company's turnover (258.2 M€), with its revenue 41% lower than the previous year (468.4 M€) due to the **lower prices environment** (with a direct impact coming from indexed products billings, representing on average 24% of the annual turnover in euros for 2023, a 35% in terms of the energy billed-consumed, and only 5% of the customers' portfolio of clients) and a 30% per capita consumption decrease in the first quarter of the year, when 'Tarifa Justa' migration project was not executed yet.

Consolidated turnover for FY2023 amounts to **614.6 M€**.

'Tarifa Justa' migration started in March 2023 and was completed in May 2023. This very significant change to the customers' portfolio (up to 70% of domestic clients), significantly reduces the seasonality of income, flattening the income throughout the year (as well as billings and cash flows). The number of contracts at year-end was more than 325.000 (2022: ~300.000).

More than 95% of Holaluz's portfolio is residential; the rest are SMEs with residential behavior. The portfolio is very diverse and unconcentrated, with an average monthly invoice of 80-100 €/month. Holaluz issues monthly invoices on the first working days of the following month. In case of default, a very strict process starts following the Real Decreto 897/2017 of 7th October, which regulates the criteria to be applied in case of cutting electricity supply.

FY2023 turnover does not include any contribution from gas sales following the strategic decision to close the business in Q4'22. This strategic decision saved **Holaluz customers more than 10 M€ in Q1 '23.**

The lower price environment in 2023 also led to a 21% reduction in **route-to-market (RtM) turnover**, to 331.5 M€ (2022: 420.7 M€). Since there is no income coming from gas in 2023 (business decommissioned in 4Q '22), the representation activities became more relevant on a percentage basis, with 54% of total sales (46% in 2022). Notwithstanding this reduction in turnover, importantly the energy represented by Holaluz in the market has increased by 51%, reaching 5.4 GWh (3.6 GWh in 2022) as explained below.

While Holaluz does not derive a profit from the **route-to-market (RtM) business**, it does allow the Company to compensate for its selling position (as a representative agent) and buying position (as a supplier) in OMIE, the nominated electricity market operator for the Iberian Peninsula. Therefore, the final amount to be paid weekly in OMIE is the net resulting amount. The purpose of Holaluz is to reach a balance between buying and selling positions to reduce to a minimum the guarantees to be given in OMIE. This activity is also interesting for working capital management purposes, which is essential in an environment in which power retailers must pay their energy purchases weekly and do not get paid by their customers until the following month. The large representation contracts that have been concluded in the last 2-3 years have allowed the Group to increase the amount of energy represented in the market up to 5.4 GWh on December 31, 20223 (3.6 GWh in 2022).

As energy markets are integrating within the European Energy Union, positioning in several European markets and integration has been key to companies. In the first place, Holaluz has focused on Portugal, a market that is already integrated with the Spanish market through OMIE. For that purpose, the subsidiary Clidomer was incorporated in 2018. This is a company wholly owned by the Parent Company Holaluz-Clidom, SA, whose representation activity started in July 2018. The Portuguese subsidiary, focused exclusively on the representation business and PPAs, shows revenue of 36.8 M€ (26.0 M€ in 2022). Such an increase is explained by the incorporation of new route-to-market contracts in 2023.

OMIE is the electricity market in the Iberian Peninsula where almost all energy purchase and sale transactions are closed. It is a physical market where energy that is going to be produced by the generators and consumed by the customers is purchased and sold. Electricity cannot be stored. Therefore, 24 auctions are held every day. The matching price (purchase – sale) varies hour by hour and, consequently, it is indispensable that gross profit is guaranteed by employing financial futures contracts and power purchase agreements (PPAs).

These futures transactions made to guarantee gross profit are necessary because the selling price to the customer is fixed over 12 months, whereas the price of energy in OMIE is highly variable. Thus, through financial derivatives (mainly futures and forwards to which the PPAs explained below have been added) and physical PPAs Holaluz can cover price fluctuations in the energy market.

Revenue for the Solar business was 24.9 M€ (30.7 M€ in FY 2022; 19% less). With regards to the Solar business (installation of solar panels in residential rooftops), **2023 has been a very challenging year for the residential solar market in Spain**, with a 50% market decrease according to UNEF and APPA[84], mainly as a consequence of the high-interest rates environment. Despite these very challenging market conditions, **Holaluz outperformed** the industry by **doubling its market share** in terms of sales, from an estimated 1.6% in 2022 to **more than 3% in 2023**, showcasing the **superiority of the company's value proposition.**

Revenues (€m)	2023	2022	Change
Solar installation	**24.9**	**30.7**	-19%

In 2023 Holaluz installed 2,793 projects (2022: 3,412, an 18.2% decrease), with an **annual turnover amounting to 24.9 M€**[85] (2022: 30.7 M€, a 19% decrease).

On a full-year basis, the average installation price was in line with 2022 (8,917 € in 2023 vs. 9.008 € for 2022). However, due to the efforts to improve unit economics carried out throughout the year, which resulted in an increase in average installation size and the cross-sale of batteries in solar installations, the **average installation price achieved was 11,200 € in Q4-24, a 24% increase vs. 2022 figures**.

Solar installations	2023	2022	Change
Installed	**2,793**	**3,412**	-18%

84. Unión Española Fotovoltaica (UNEF). (18th Jan 2024). In 2023 in Spain 1.706 MWh were installed as solar self-consumption sites. From: https://www.unef.es/es/comunicacion/comunicacion-post/en-2023-se-instalaron-en-espana-1706-mw-de-auto consumo-fotovoltaico APPA Renovables. (2023). Informe Autoconsumo Fotovoltáico 2023. From (26th Jan 2024) https://www.informeautoconsumo.es/wp-content/uploads/2024/01/Informe-Autoconsumo-Fotovoltaico-2023.pdf

85. In 2023 there were no new loans through the Rooftop Revolution subsidiary. Holaluz, through its subsidiary Clidom Solar, installs solar panels for rooftop owners and manages their energy production, offering in exchange a monthly fixed discount in their electricity bill as from the first month. The sales margin of the installations funded through the subsidiary Rooftop Revolution, SL is reflected in the subsidiary Clidom Solar, SL (wholly owned by the parent) and in the consolidated financial statements. The parent Holaluz-Clidom, SA acts solely as an agent for collecting the loan installment, included in the monthly electricity bill, which also includes the fixed portion of surplus savings. The proceeds from this loan installment is subsequently transferred to the subsidiary Rooftop Revolution, SL as the holder of the loans.

Gross Profit

Holaluz aims to sell green energy with a margin to customers who pay. In a context of high volatility in energy prices in the electricity market (OMIE), stable costs in energy sales are achieved through a fine hedging strategy that guarantees gross profit and, consequently, business profitability. The Company closes futures deals in Spanish (OMIP and MEFF) and international (EEX) financial energy markets, PPAs (both physical and financial), and OTCs deals (Over The Counter) to hedge the energy purchased for customers and thus cover the risk of fluctuations in prices and the corresponding impact on gross profit in the Energy Management business.

Consolidated gross profit for FY2023 amounted to 62.8 M€ (2022: 83.2 M€, of which 15.3 M€ came from the gas business, decommissioned in Q4 '22). Isolating gas impact in 2022, in 2023 gross profit was in line with 2022 (approx 68 M€), representing **11% more sales** (without gas) **in 2023** (2022: 7.7%).

In a context of high volatility in energy prices, stable costs are achieved through a **fine hedging strategy** that guarantees gross profit and, consequently, business profitability.

Energy Management's gross profit for FY2023 amounted to 50.6 M€ (2022: 72.2 M€, 30% decrease). Isolating the impact of the gas business, in 2023 EM gross profit was in line with 2022 (55.4 M€ vs. 56.8 M€).

The gross margin of the electricity commercialization business is 21.6% (vs. 13.2% in 2022), excluding the gas trading business. This gross margin represents the **record gross margin** of the electricity commercialization business for Holaluz.

Energy demand in Spain decreased by 30% per capita during the first quarter of 2023 due to a very warm winter, which impacted gross profit generation from our non-'Tarifa Justa' customers, alongside the extraordinary one-off 4.8 M€ loss coming from the sale of the gas not consumed in winter 2022-23 (as the gas commercialization line was discontinued in Q4 '22). The situation was very quickly reversed as Holaluz decided to transfer 70%+ of the domestic customer portfolio to the "Tarifa Justa" product starting in March 2023.

Energy management Gross Profit recovered already in the second quarter of 2023 and has presented very profitable results since then.

Solar gross profit for FY2023 amounted to 12.2 M€ (2022: 10.9 M€, 11.5% increase). The Solar business has experienced a significant gross margin expansion (49% in 2023 vs. 36% in 2022) as a result of the increase in average ticket size and COGS optimization. Some of the key measures undertaken (impacting gross profit and/or EBITDA) are the following:

- **Sale of larger installations:** average installation size increased by more than 14% relative to the beginning of the year, driven by the Value Proposition of maximizing electricity savings.
- **Sale of flexible assets:** Holaluz achieved a circa 15% monthly battery penetration after the battery product launch in May, leveraging the agreement with Tesla and increasing the one-off gross profit per installation.
- **COGS optimization**, with a 20% reduction y-o-y thanks to cost reduction initiatives in both components procurement and management and installation costs, with a significant increase in internal installations in the second half of the year (>90%).

- **Diversification of lead acquisition channels**, with a 33% y-o-y reduction in unitary lead acquisition costs compared to 2022.

- **Centralization of sales and installation structure:** Holaluz has undergone a significant transformation in organizing its sales and installation teams. Moving from a fully decentralized model spread across Spain, Holaluz has adopted a more centralized operational approach. This shift focuses on optimizing operations in regions with high demand and leveraging partnerships, aligning with our 2022 initiative of vertical integration in delivery installations. The goal is to establish a balanced hybrid model, where around 50% of total sales are managed internally and the remaining sales are managed through external partners upholding Holaluz's quality and customer experience standards. This strategic move towards centralization has enhanced resource allocation efficiency, ensuring both profitability and operational effectiveness, while still maintaining extensive coverage across Spain.

- **Warehouse and supply chain reorganization:** To align with the new operational structure, warehouses and supply chain logistics have been reorganized, in order to support the centralized hybrid model and ensure smoother, more efficient service delivery.



Normalized Operating Costs, EBITDA, and Normalized EBITDA

Personnel expenses experienced a 33% increase in 2023 with respect to the previous year, moving from 29.5 M€ to 39.3M€, of which 1.2 M€ correspond to ERE severance costs (process closed at the end of December 2023). This extraordinary severance cost has not been included in the Normalized EBITDA calculation, as it is considered a one-off event out of the ordinary activity of the company.

At the end of the year, there were 463 employees (752 in Dec '22). The personnel structure reduction is mainly explained by the ERE effect, where 169 people exited the company with 1.2 M€ in severances in Holaluz-Clidom SA, Clidom Solar SL, and Katae Energía SL. It must be noted that thanks to the 'Tarifa Justa' migration **there has been a 17% y-o-y saving in direct personnel costs in back-office teams** because day-to-day activities were simplified and minimized (i.e. the billings process).

Normalized operating costs[86] amount 38.2 M€ (49.7 M€ in 2022, 21.3% improvement y-o-y). The 'Tarifa Justa' migration generated a significant reduction in direct operating costs, especially in external call centers (with a 59% y-o-y saving, as customers who pay a fixed monthly fee do not need to call Holaluz to understand their invoices). Additionally, there have been savings in technology and marketing, and brand investment has been decreased. With regards to the Solar business, there have also been reductions at all operating cost levels except for personnel costs, as the ERE impact became a reality in 2024.

The following table shows the normalized operating costs reconciliation for 2023 and 2022:

€M	2023	2022
Operating costs (acc. / CCAA)	**57.6**	**64.3**
CAC	**18.4**	14.5
ERE (legal costs)	**0.3**	
Debt raising (legal costs)	**0.7**	
Normalized Operating Costs	**38.2**	**49.8**

Note: acc / CCAA refers to the Operating Costs according to Consolidated Annual Accounts: i.e. Statutory Accounts.

The company's approach to reaching operating excellence overcame the negative results achieved in the first quarter of 2023 and reached a **normalized EBITDA by year-end amounting to 4.3 M€** (14.3 M€ in 2022), with **record per customer unit economics.** Cost reductions in all areas (COGS, direct costs, marketing, CAC, and OPEX) have directly positively impacted the company's profitability in both businesses, Energy Management, and Solar.

The following table reconciles EBITDA according to annual accounts to normalized EBITDA for the years 2023 and 2022:

€M	2023	2022
EBITDA (acc./ CCAA)	**-22.8**	**-0.2**
CAC	**18.4**	14.5
Gas extraordinary loss	**4.8**	
ERE (severances + legal costs)	**1.5**	
PPA (contractual dispute)	**2.5**	
Other	**-0.2**	
Normalized EBITDA	**4.3**	**14.3**

Note: acc / CCAA refers to the EBITDA according to Annual Accounts: i.e. Statutory Accounts.

86. Same footnote comments #82. There is a reconciliation table between operating costs and Normalized operating costs in page 113.

In 2023 there have been several particular one-off issues, out of the ordinary activity of the company, which have not been considered when calculating the Normalized EBITDA, given that they are not recurrent costs and would affect comparable figures vs previous and following years. The only periodical adjustment kept vs 2022 is CAC[87]. The other adjustments are:

- **Extraordinary loss in gas: 4.8 M€.** Referring to gas not consumed by our customers in winter 2022-23 due to the decommissioning of the business in Q4'22. This one-off loss arises as the sale of this gas stock was made at a lower price compared to the acquisition costs.
- **ERE:** 1.5 M€, including 1.2 M€ in severances and 0.3 M€ in associated legal costs. The process was closed in December, and 169 people were made redundant in Holaluz-Clidom SA, Clidom Solar SL, and Katae Energía SL by year-end.
- **PPA:** 2.5 M€. Amount in dispute with a Portuguese producer with regards to a PPA contract.
- **Other:** -0.2 M€.

The consolidated net result is a 26.2 M€ loss, explained by losses in solar business and the negative first quarter in Energy Management, of which 80% (20.9M€) were generated in the first half of the year).

In the following table, we present the profit and loss account for 2023 divided per semester, showing a clear turnaround towards the operational excellence reached since the second quarter of the year not only thanks to the 'Tarifa Justa' migration but also to additional savings coming from all costs lines and businesses (Solar and Energy Management). In the second half of the year, the gross profit improved by 33% and normalized operating costs decreased by 24% with a direct impact on normalized EBITDA, which turned from negative to positive, with a great turnaround specially in Energy Management.

With regards to ordinary EBITDA, the second semester minimizes losses vs the first half of the year and closes with accumulated losses amounting to 22.8 M€. Throughout the margin and cost optimization efforts performed throughout 2023, Holaluz has reached a much more efficient cost structure which has enabled the company to achieve **22.5M€ of Normalized EBITDA and break-even point for the ordinary consolidated EBITDA** in the **last twelve months** (LTM) from April-23 to March-24, as presented in the chapter named "Company's outlook".

With this focus on unit economics and the optimization of its cost structure, Holaluz is very well positioned to continue its Normalized and ordinary EBITDA generation path.

€M	H1 2023	H2 2023	TOTAL 2023	Change H1-H2
Sales	**323.5**	**291.0**	**614,6**	**-10%**
Gross Profit	**27.0**	**35.8**	**62.8**	**33%**
Normalized Operating Costs[88]	**-22.3**	**-16.9**	**-38.2**	**24%**
Normalized EBITDA[89]	**-5.4**	**9.7**	**4.3**	**-**
EBITDA Norm. EM	7.0	17.6	**24.6**	149%
EBITDA Norm. Solar	-12.4	-7.9	**-20.3**	36%
EBITDA	**-17.9**	**-4.9**	**-22.8**	**-**
EBITDA EM	-5.5	3.0	**-2.5**	154%
EBITDA Solar	-12.4	-7.9	**-20.3**	36%
Consolidated Net Result	**-20.9**	**-5.3**	**-26.2**	**75%**

87. Same footnote comments #81. There is a reconciliation table between ordinary EBITDA and Normalized EBITDA in page 108.
88. Same footnote comments #82. There is a reconciliation table between operating costs and normalized operating costs in page 113.
89. Same footnote comments #81. There is a reconciliation table between ordinary EBITDA and Normalized EBITDA in page 113.

Balance sheet

Holaluz uses PPAs to buy a portion of the energy that it sells to its customers. At year-end, the Company and the Portuguese subsidiary Clidomer have signed a total of 46 PPAs (purchase of energy from renewable energy producers) for the physical delivery of energy at a fixed price at the beginning of the agreement and for a determined period, ranging between 1 and 10 years. These contracts, due to their nature (physical energy delivery), are not considered hedging derivative contracts. Consequently, they are not reflected in the balance sheet. However, the Directors consider that they must be considered to analyze the perspective and understand the Company's financial position as a whole.

The fair value of these contracts considering the MtM, that is, considering the amount of energy to be delivered, the period, and the expected price, amounts to 1.0 M€ (93 M€ on Dec, 31st 2022), of which 5.2 M€ are expected to materialize during 2024 and the rest, -4.1 M€, from 2025 onwards.

Consequently, to show cash flows, assets, and obligations for next year, the directors have decided to present the Company's balance sheet that would result from giving rise to the aforementioned PPAs (unrealised assets) as well as the related potential tax effect at December 31, 2023 and 2022 (for comparative purposes).

	(normalized)		(acc/ PGC)	
Assets[90] (€M)	**31.12.23**	**31.12.22**	**31.12.23**	**31.12.22**
Non-current assets	**78.9**	**124.2**	**78.9**	**84.6**
Intangible assets	**34.7**	31.7	**34.7**	31.7
Property, plant, and equipment	**1.6**	2.1	**1.6**	2.1
Financial investments	**8.6**	52.6	**8.6**	13.0
Deferred tax assets	**25.0**	19.5	**25.0**	19.5
Long-term Periodification	**9.0**	18.4	**9.0**	18.4
Current assets	**102.0**	**246.2**	**96.7**	**192.9**
Inventories	**4.3**	14.0	**4.3**	14.0
Trade and other receivables	**52.7**	121.8	**52.7**	121.8
Financial investments	**24.6**	86.6	**19.4**	33.2
Short-term Periodification	**12.5**	13.6	**12.5**	13.6
Cash and cash equivalents	**7.9**	10.3	**7.9**	10.3
Total assets	**180.9**	**370.5**	**175.6**	**277.5**

According to the Plan General Contable (PGC) **at the end of 2023, Holaluz's consolidated balance sheet amounted to 175.6 M**€ (277.5 M€ in FY2022). Non-current assets experienced a 5,7 M€ reduction, reaching a total of 78.9 M€, a consequence of long-term financial investments and a decrease in accruals. Current assets were reduced by 96.2 M€, closing 2023 with a total of 96.7 M€ as a result of a general decrease in all captions, particularly accounts receivable and short-term financial investments (see more detailed comments below).

90. The review of the normalized balance sheet is not part of the audit procedures carried out to review the financial statements for the year ended December 31, 2023, which are established in the verification of accounts in accordance with Spanish GAAP. The normalized balance sheet is obtained from adding the MtM of physical PPAs at 12.31.21, 1.0 M€, to the audited trial balance, in accordance with financial management reports of the Company.

Intangible assets increased by 3 M€, closing 2023 with a net book value of 34.7 M€. 2023 investment amounts to 14.3 M€, which includes the capitalization of work performed by the company of 8.8 M€ (7.0 M€ in 2022). The rest, 5.5 M€, corresponds to external collaborations with tech consultancy and development companies. **Holaluz defines itself as a technological company** that uses data and technology to minimize clients' electricity bills through maximum savings thanks to solar panel installations and flexible assets.

In particular, with regards to the energy management business, **the focus on R&D has been in the 'Tarifa Justa' migration project** (flat fixed rates billings), to optimize fixed fees and minimize regularizations (excess and deficiency vs expected and billed consumption). Another project worth highlighting has been the launch of the first Cloud-based dispatching center in Spain, to help the system operator (Red Eléctrica de España), enabling greater integration of renewable facilities and ensuring the quality of energy supply. It also allows for better resource management, improved response quality, and greater scalability.

In the **Solar business**, the investment focus has been on developing the **first virtual power plant (VPP) in Spain**, a network of thousands of batteries, EV chargers, and heat pumps associated with residential solar installations spread all over Spain to provide flexibility to the grid and optimize consumption in the associated households. Another important development is the launch of the **Solar APP** (the mobile application that unifies customer experience from the electricity and solar generation points of view) and the **Holaluz Wireless** (solar surpluses management tool in second residences to offset consumptions in first residences where there is no option to install solar panels).

WIP intangible assets include 4.5 M€ as upfront fees to a professional consulting firm to develop a program to scale and automatize operations in the Solar business together with Holaluz, which was capitalized in January 2024.

There were no relevant investments in **tangible assets** except for the substitution of the hardware systems for employees.

Long-term financial investments caption closed 2023 with a balance of 8.6 M€ (13.0 M€ in FY2022), of which 6.6 M€ correspond to **loans for solar panel installations ("Rooftop Loans")** to be repaid in fixed installments over the next 15 years and charged on a monthly basis in the customer's electricity bill. These loans were granted as proof of concept to raise an SPV in order to finance a "renting/ leasing" product for solar installations. Holaluz has no intention of granting any further loans until the SPV is raised. No loans have been granted in 2023. Additionally, there are 1.2 M€ in **long-term derivatives** (4.7 M€ in FY2022).

The 25 M€ balance in Dec'23 in Deferred taxes:

i) the **fiscal credit** coming from previous years' losses amounting to 12.5 M€;

ii) 5.7 M€ **R&D deductions** to be applied in the income tax in the following years when the company reaches positive results;

iii) 1.5 M€ from **25% of derivatives** MtM

iv) 5.3M€ as temporary fiscal differences.

In the preparation of the balance sheet, the ICAC's resolution dated February 10, 2021, has been considered, which sets forth that incremental costs of acquiring a contract shall be accounted for as current/non-current accrual in the balance sheet, whereas in the income statement, they shall be recorded under "Other operating expenses". This criterion has been applied in Holaluz since January 1, 2021.

On December 31, 2023, a total amount of **18.1 M€** is capitalized under **non-current or current accruals** (29.3 M€ at December 31, 2022) for **incremental costs of acquiring customers**.

According to PGC **current assets amounted to at FY2023 96.7M€** (192.9 M€ in FY2022), of which 17.1 M€ correspond to derivatives (30.4 M€ in 2022). The significant reduction is explained by:

i) **a decrease in gas stock** by 7.7 M€ (gas not consumed by clients in winter 2022-23 as the business was closed in Q422) plus and stock optimization in solar inventories;

ii) **69.0 M€ reduction in accounts receivable** ('Tarifa Justa' migration since the second quarter of 2023 flattened billings and minimized seasonality in billings related to consumption, and a 7 M€ reduction in VAT debts from Spanish Tax Authorities);

iii) **13.8 M€ decrease in short term financial investments (derivatives)**;

iv) **cash reduction** by 2.5 M€.

Cash diminished by 2.5 M€ vs FY2022, with a 7.9 M€ balance at Dec'23. The **net debt** evolution is as follows:

€M	31.12.23	31.12.22
Non-current bank borrowings	**16.0**	23.4
Current bank borrowings	**36.4**	40.8
Other current payables	**20.9**	8.4
Cash	**-7.9**	-10.3
Net debt	**65.4**	**62.3**
Rooftop loans	**-6.6**	-7.5
Adjusted net debt	**58.8**	**54.8**

Rooftop loans are loans for solar panel installations granted to customers that are to be repaid over the next 15 years in fixed installments included in the monthly electricity bill. These loans are a proof of concept for raising an SPV; Holaluz has no intention of granting any further loans until the SPV is raised. The amount of the loans has been deducted since it is considered that they should not be part of the balance sheet in a continuing context of business activity, but rather be transferred to the raised SPV. No new loans have been granted in 2023.

In Dec '23, the **adjusted net debt amounted to 58.8 M€**, 4.0 M€ higher than in Dec'22. The increase is mainly due to the investment the Parent Company (Holaluz-Clidom, SA) is making to **fund the Solar business in terms of growth and scalability**, to create long-term value in both businesses, Energy Management and Solar, that work together in terms of profit generation. Pagarés balance (included in Other Current Payables) increased from 6.5 M€ in FY2022 to 19.8 M€ in FY2023, all of them returned at the date of signing these Annual Accounts and Management Report. Thanks to this short-term financing and the cash generated by the company since the second quarter of 2023, there has been a lower usage of credit lines (overdrafts and confirmings).

	(normalized)		(acc/ PGC)	
Liabilities[91] (€M)	**31.12.23**	31.12.22	**31.12.23**	31.12.22
Equity	**11.2**	**89.4**	**12.1**	**19.7**
Capital and reserves	**16.6**	42.8	**16.6**	42.8
Valuation adjustments	**-3.7**	46.6	**-4.5**	-23.2
Non-current liabilities	**27.0**	**59.3**	**22.6**	**36.0**
Long-term debt	**26.8**	36.1	**22.6**	36.0
Deferred tax liabilities	**0.3**	23.3	**0.0**	0.0
Current liabilities	**141.0**	**221.8**	**141.0**	**221.8**
Short-term debt	**63.8**	77.6	**63.8**	77.6
Trade and other payables	**77.1**	144.0	**77.1**	144.0
Short term accruals	**0.0**	0.3	**0.0**	0.3
Total liabilities	**180.9**	**370.5**	**175.6**	**277.5**

In 2023 there has been a relevant **reduction in the valuation adjustments** due to a significant part of the FY2022 derivatives balance having a maturity date in 2023.

91. Same comment on page 108.

Consolidated net equity decreased by 7.6 M€, affected by net losses of 2023, reaching a total balance of 12.1 M€ at the end of the year.

Net equity includes the caption **valuation adjustments** related to the recording of derivatives by **-4.5 M€** in FY2023 (-23.2 M€ in FY2022), according to PGC. This amount corresponds to 75% of the difference between the spot price on December 31st and the price at which hedging transactions were closed (25% of the MtM price is recorded in deferred taxes). It should be noted that this data is not complete within Holaluz's hedging strategy, as the impact of the MtM of the physical PPAs should be included, which gives rise to equity up to 12.9 M€ at year-end (89.4 M€ in FY2022). In 2023 there has been a relevant **reduction in the valuation adjustments** due to a significant part of the FY2022 derivatives balance having a maturity date in 2023, so the corresponding MtM has been recognised in 2023 Gross Profit (i.e. it is included in the 62.8 M€ previously commented).

At the General Meeting held on October 25, 2019, the shareholders resolved to increase capital through a public offering of shares paid with monetary contributions in order to increase the Company's shareholder equity by a maximum amount of 30 million euros (nominal amount + share premium). It was also resolved that all the shares issued through the said public offering be traded on BME Growth so that the Company's Board of Directors could execute the corresponding capital increase amounting to 30 million euros, fully paid in.

On September 30, 2021, the chance of carrying out potential acquisitions of electricity marketers, arose as a result of the upward trend in the wholesale market electricity prices, - this sped up our organic growth plan and 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.

Additionally, on December 10, 2021, it was resolved to carry out a capital increase through monetary contributions for an aggregate effective amount of 7.5 million euros (nominal amount + share premium), which was finally executed for a value of 6.7 million euros (nominal amount + share premium), fully paid in by qualified investors.

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 and 2023.

According to PGC, **non-current liabilities amounted to 22.6 M€** in FY 2023 (36.0 M€ in FY2022). Such reduction is mainly due to a 6.1M€ reduction in **long-term derivatives**, with a final balance in December of 6.6 M€ (12.7 M€ in FY 2022). **Long-term borrowings** also experience a 7.7 M€ decrease explained by a **lower usage of ICO credit lines**, a working capital financing product that is recorded as a non-current liability as it does not mature until 2026, which has been substituted by Pagarés financing (see more comments below). Both balances correspond to the Parent Company Holaluz-Clidom, SA.

Current liabilities, according to PGC, also experienced a significant reduction of 80.8 M€, closing 2023 with a **141.0 M€ balance** (221.8 M€ in 2022). **Short-term borrowings** decreased by 13.7 M€ due to: i) **short-term derivatives** 21.8 M€ reduction; and ii) an **increase in short-term debts with financial entities** by 8.1 M€, particularly short-term debts coming from Pagarés, with a 14.3 M€ increase. The FY 2023 Pagarés balance amounts to 19.8 M€ (6.5 M€ in FY 2022), all of them returned at the date of publishing this report. **Accounts payable** also experienced a significant 66.9 M€ reduction, particularly in other payables by 50.9 M€. The low price environment all along 2023 has directly impacted the invoices to be paid to renewables producers.

The Company's average payment period to suppliers is 42 days, as disclosed in Note 16.1 to the financial statements 'Information on the average payment period to suppliers. Additional Provision Three. 'Disclosure requirements' of Law 15/2010, of July 5'.



Working Capital

In 2023 the Working Capital position of Holaluz-Clidom SA worsened relative to 2022 mainly due to the decrease in electricity prices, which typically impacts WC generation from route-to-market contracts.

€M	31.12.23	31.12.22
Working Capital	**-20.1**	**-8.2**
Accounts receivable + inventories	**57.0**	135.7
Accounts payable	**77.1**	144.0

Cash Flows

In 2023 **operating cash flows** amounted to 14.9 M€ (24.2 M€ in 2022), mainly explained by non-cash hedging costs (in 'Other income / expenses'), whose outflow occurred in the fourth quarter of 2021 as explained in detail in our last year Management Report. In 2023, the amount recognised in the Parent Company's P&L amounts to -12.4 M€ (-48 M€ in 2022).

Operating cash flow decreased by 9.4 M€ compared to 2022 mainly due to losses in the Solar business. **Cash flow from investments** decreased from 39.5 M€ in 2022 to 18.0 M€ in 2023 as the company reduced its technology spending by focusing on the highest value added projects.

Thanks to the exercise of cost optimization and efficiencies in both businesses, the **free cash flow (operating + investment cash flows) has improved from -15.3 M€ in 2022 to -3.2 M€ in 2023**.

As a result, the **consolidated debt** did not materially change in 2023 vs 2022 (small 0.7 M€ increase).

€M	31.12.23	31.12.22
Cash flows from/(used in) operating activities	**14.9**	**24.2**
Normalized profit/(loss) for the year before tax	**-37.6**	-8.7
Adjustments to profit	**59.0**	72.5
Change in working capital	**-2.1**	-36.8
Other cash flows from/(used in) operating activities	**-4.5**	-2.8
Cash flows from/(used in) investing activities	**-18.0**	**-39.5**
Payments on investments (-)	**-20.0**	-39.5
Proceeds from disposals (+)	**2.0**	
Cash flows from financing activities	**0.7**	**15.8**
Proceeds from and payments on equity instruments	**0,0**	0.0
Proceeds from and payments on financial liabilities	**0.7**	15.8
Net increase/decrease in cash and cash equivalents	**-2.5**	**0.4**
Cash and cash equivalents at the end of the period	**10.3**	9.9
Cash and cash equivalents at the end of the period	**7.9**	10.3

Significant events after the balance sheet date

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

Company's outlook

Holaluz has continuously shown its ESG DNA that it is possible to create an energy transition company with a real impact on people and the planet. The organization over- delivered on its 2023 guidance for Normalized EBITDA, amounting to 4.3 M€, due to **record unit economics** generated from the second quarter of the year, as a result of the migration of a large part of the portfolio of electricity customers to Tarifa Justa.

Proof of these positive trends in both businesses can be seen in the following table, where our P&L KPIs are shown for 12 months starting from April 23 until March 24: **Last Twelve Months period** (LTM).

Despite the very low energy price environment in Q1 '24, which affected turnover, Tarifa Justa and the gross profit improvements in solar installations meant the gross margin (commercial margin over sales without considering RtM sales) reached 31.4% in Q1'24 and improved Dec'23 22.2% up to 32.8% when considering the LTM period. The ERE closed in December 2023 (with a direct impact in personnel costs from January 2024). Additional OPEX savings (technology and marketing costs), can also be seen in the reduction in operating costs, down from 38.3 M€ in December 2023 to 36.1 M€ for the LTM period. **Such improvements in commercial margins and operating costs have positively contributed to the normalized EBITDA, reaching 22.3 M€** and 5.2x the normalized EBITDA of FY2023 (4.3 M€). **The EBITDA as per statutory accounts is at the break-even point**.

The **Energy Management business** continued to perform well, in line with the record profits reached in FY2022 (normalized EBITDA of 27.6 M€), beating the first quarter of 2023 and closing the year with 24.6 M€ of normalized EBITDA. **We expect 2024 to maintain the profitability of the last two years, with a normalized EBITDA between 24 and 27 M€** (Guidance published in October 2023). The LTM exercise shows a normalized EBITDA of 38.7 M€ (vs 24.6 M€ in Dec 2023), which is a 14.1 M€ increase (+57%).

The Solar business doubled its market share in 2023, reaching more than 3% at year-end with a similar amount of installations compared to 2022, despite the 50% market recession in the Spanish solar residential market in 2023. **Lead time was kept at a minimum within the industry** (45 days for the majority of clients), and we consolidated the **client's value proposition of 70% savings in their electricity bills for at least 75% of solar customers**. Up to 60% of solar customers choose an installation with a battery and pay zero euros for their electricity needs. **A strong focus on unit economics** has led the Solar business to **reduce its break-even point** from 800-1000 installations per month to 600 by year-end, and 350 in Q1-2024. Thanks to these efficiencies we have been able to dramatically reduce losses in the first quarter of 2024 by 4.1 M€ (improvement of 62% vs. Q1-23). And thus we can confirm the Guidance provided in October 2023 to close the year 2024 with a negative EBITDA between 3-6 M€. Holaluz's goal is to continue working to reduce the break-even point below 300 installations per month.

€M	31.12.23	Q1 2023	9m 2023	Q1 2024	LTM Apr'23-Mar'24
Sales (w/o RtM)	283.1	91.3	191.8	50.9	**242.6**
Gross Profit	**62.8**	**-0.9**	**63.6**	**16.0**	**79.6**
Gross Profit / Sales (w/o RtM)	22.2%	-0.9%	33.2%	31.4%	**32.8%**
Normalized Operating Costs	-38.2	-11.7	-26.6	-9.5	**-36.1**
Normalized EBITDA	**4.3**	**-15.1**	**19.4**	**3.1**	**22.5**
EM Norm. EBITDA	24.6	-8.4	33.0	5.7	**38.7**
Solar Norm. EBITDA	-20.3	-6.7	-13.6	-2.6	**-16.2**
EBITDA	**-22.8**	**-23.1**	**0.3**	**-0.5**	**-0.2**
EM EBITDA	-2.5	-16.4	13.9	2.1	**16.0**
Solar EBITDA	-20.3	-6.7	-13.6	-2.6	**-16.2**

Holaluz will keep working on the construction of the biggest green energy community in Europe, materializing the potential of demand's electrification with the development of solar energy (distributed generation) and storage. **Our priorities for 2024 are**:

- ensure **collective self-consumptio**n at a large scale;
- launch new **renting**/**leasing** subscription-based product;
- create the first **Virtual Power Plan**t in Spain;
- increase **flexible asset** penetration (batteries and EV chargers);
- and continue with the **optimization** of our subscription-based product – **Tarifa Justa**.

These goals are included in our 5-year business plan, which also considers the corresponding investments in technology and client acquisition for the execution in both businesses: Solar and Energy Management. **Distributed generation is the solution to decarbonization challenges**: Holaluz offers the solutions and the technology to accomplish this aim to which we dedicate all our efforts.

Research and development activities

As a technological company, continuous research activities are carried out, as well as investments in innovation to make the use of technology as is commonplace in the development of energy-related products and services to create an ecosystem of generation, consumption, optimisation and control of energy.

Acquisition of treasury shares

The Parent Company has treasury shares for an amount of 0.2 M€ on December 31, 2023, pursuant to article 262 of the Spanish Corporate Enterprises Act. Treasury shares on December 31, 2023 account for 0.27% of the Company's share capital and amount to 60,044 shares (61,226 shares on December 31, 2022), at an average acquisition price of 4.19€ / share.

Financial instruments

The Parent Company considers that there are no risks that may affect its transactions other than those indicated in Note 17 to the financial statements.

Sustainable finance

Green Note Program

To further advance in the development of renewable energy infrastructure, the Alternative Fixed Income Market (MARF) of Bolsas y Mercados Españoles (BME) incorporated Holaluz-Clidom's **first Green Note Program** on November 21, 2022, with a maximum value of €100 million. The program was renewed on October 24, 2023, for a period of 12 months, also with a maximum amount of €100 million.

Through this strategy, the company has been able to flexibly access qualified investors to finance its working capital needs as an alternative to conventional financing from financial institutions, such as credit lines, factoring, and confirmings.

These green notes have been structured as 'green instruments', in accordance with the Holaluz Green Finance Framework under which the company can issue bonds and loans in line with the **2021 Green Bond Principles** and enter into financing agreements under the **2021 Green Loan Principles** of the International Capital Markets Association (ICMA).

In 2022, Holaluz obtained a **favorable opinion from Sustainalytics**, confirming that the Holaluz Green Finance Framework is aligned with the aforementioned principles. Besides, Holaluz holds a BB credit rating with a negative outlook from Ethic Finance Ratings.

As of December 31, 2023, there are pending 19.8 million euros (6.5 million as of December 31, 2022) of Green Notes related to this program, duly repaid at their respective maturities during the first quarter of 2024.

In 2022, Holaluz published its Green Finance Framework and incorporated the **first Green Note Program**.



European Union Taxonomy

Aware of the enormous effort that decarbonizing the economy will entail, the EU has developed a set of measures to engage private capital in the path of ecological transition and redirect capital flows towards environmentally sustainable and inclusive activities, enabling climate-resilient economic development with low greenhouse gas emissions.

The Taxonomy Regulation is a classification tool to determine whether an economic activity is environmentally sustainable. It aims to eliminate so-called "greenwashing" and help companies develop ESG roadmaps based on scientific objectives and criteria, thus providing investors and society in general with greater transparency and certainty.

The Taxonomy aligns with Holaluz's purpose of creating a 100% renewable world and allows to highlight its pioneering effort to seek an energy transition model towards decarbonization in line with the EU's climate objectives.

Following EU Taxonomy framework, the following activities of Holaluz have been classified according to their eligibility and alignment, based on the criteria of the Regulation (further information in Annex II):

Classification of activities	Area of activity
Eligible and aligned activities	Installation and management of photovoltaic installations
Non-eligible activities	Natural gas commercialisation[92]
Other non-eligible activities	Commercialisation of electricity from 100% renewable sources
	Representation and sales management for producers of renewable electricity

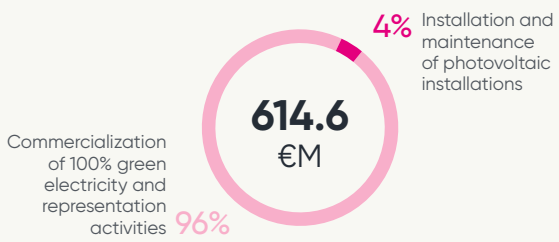
92. Since October 2022, Holaluz has discontinued this business line and focuses on renewable and solar electricity.

In a second exercise, the **alignment degree** of Holaluz's activities with the EU Taxonomy has been determined as a result of their contribution to the objective of climate change mitigation (objective 1) and climate change adaptation (objective 2), without causing significant harm to the other five defined environmental objectives and respecting minimum safeguards (further information in Annex II).

Indicators

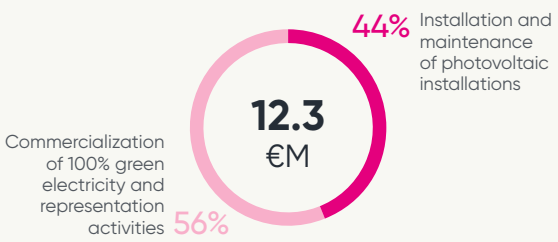
Results

Revenue



- **4%** of revenue was generated from eligible business activities aligned with the EU Green Taxonomy.
- The remaining **96%** of revenue was generated from the commercialisation of 100% green electricity and representation activities.

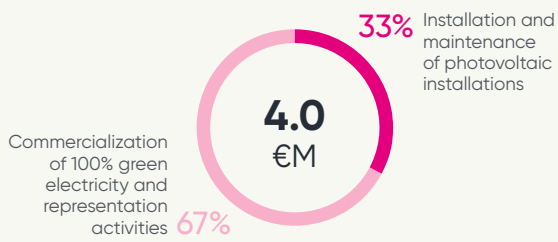
Capital expenditure (CapEx):



- **44%** of capital expenditure (CapEx) was generated from eligible business activities aligned with the EU Green Taxonomy. The following is a breakdown of what portion of CapEx allocated to the achievement of a substantial contribution to each of the environmental objectives:
  - Climate change mitigation: 44%
  - Climate change adaptation: 0%

  Due to nature of the activities of Holaluz, there is no substantial contribution to any of the remaining goals.
- The remaining **56%** of capital expenditure was generated from the commercialisation of 100% green electricity and representation activities.

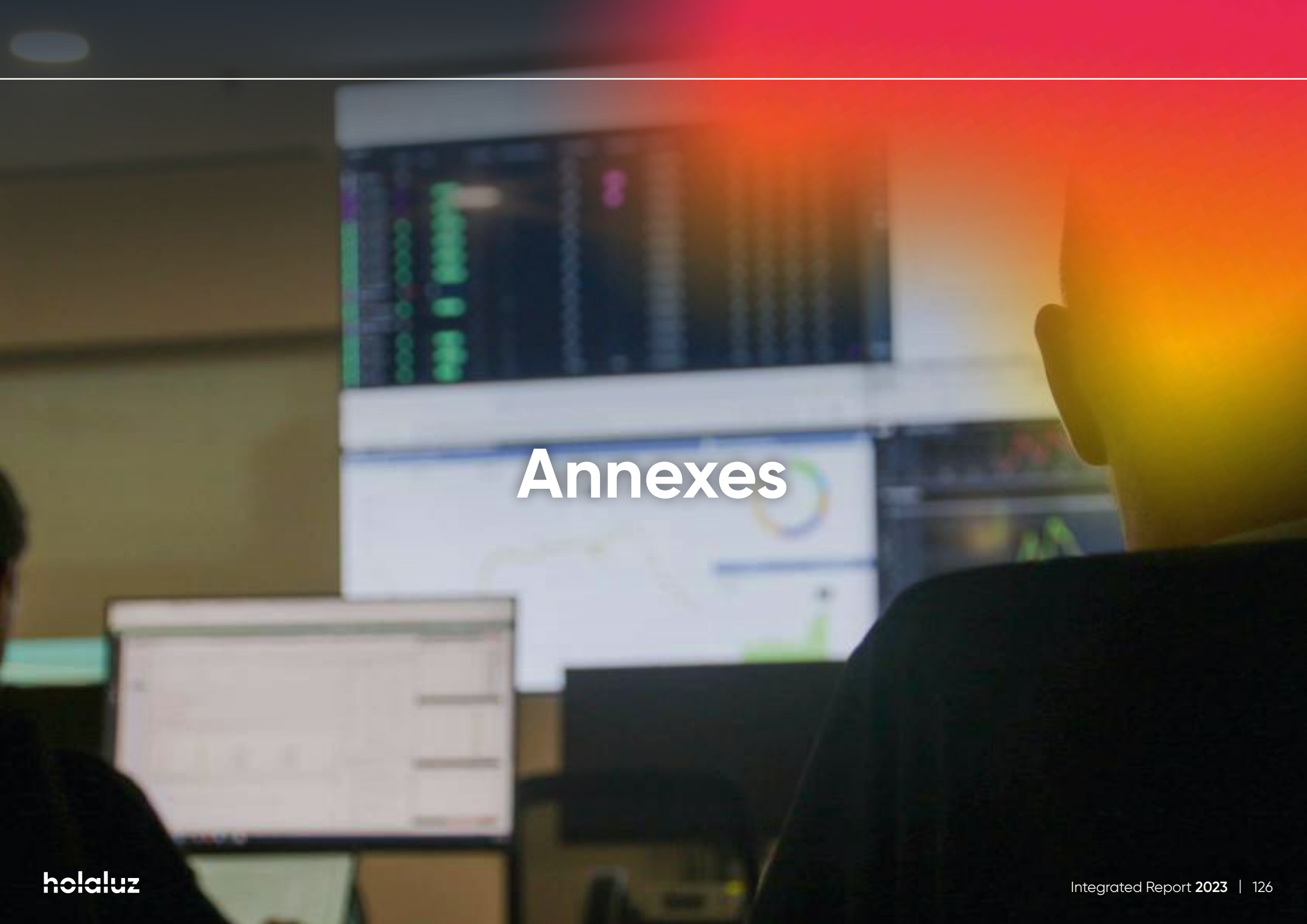
Operating expenditure (OpEx)



- **33%** of Operating expenditure (OpEx) was generated from eligible business activities aligned with the EU Green Taxonomy. The following is a breakdown of what portion of OpEx allocated to the achievement of a substantial contribution to each of the environmental objectives:
  - Climate change mitigation: 33.1%
  - Climate change adaptation: 0.2% (OpEx allocated to the adaptation of activity to climate change; in particular, the installation of concrete blocks (ballasts) on flat roofs to adapt to the risk arising from the weather variable of strong winds or storms (i.e., to counteract the effect of strong wind)

  Due to nature of the activities of Holaluz, there is no substantial contribution to any of the remaining goals.
- The remaining **67%** of operating expenditure (OpEx) was generated from the commercialisation of 100% green electricity and representation activities.

To see the full detail of the alignment of Holaluz's activities with the mitigation and adaptation objectives of the Climate Delegated Act, please refer to the tables in Annex II.



Annexes

About **this report**

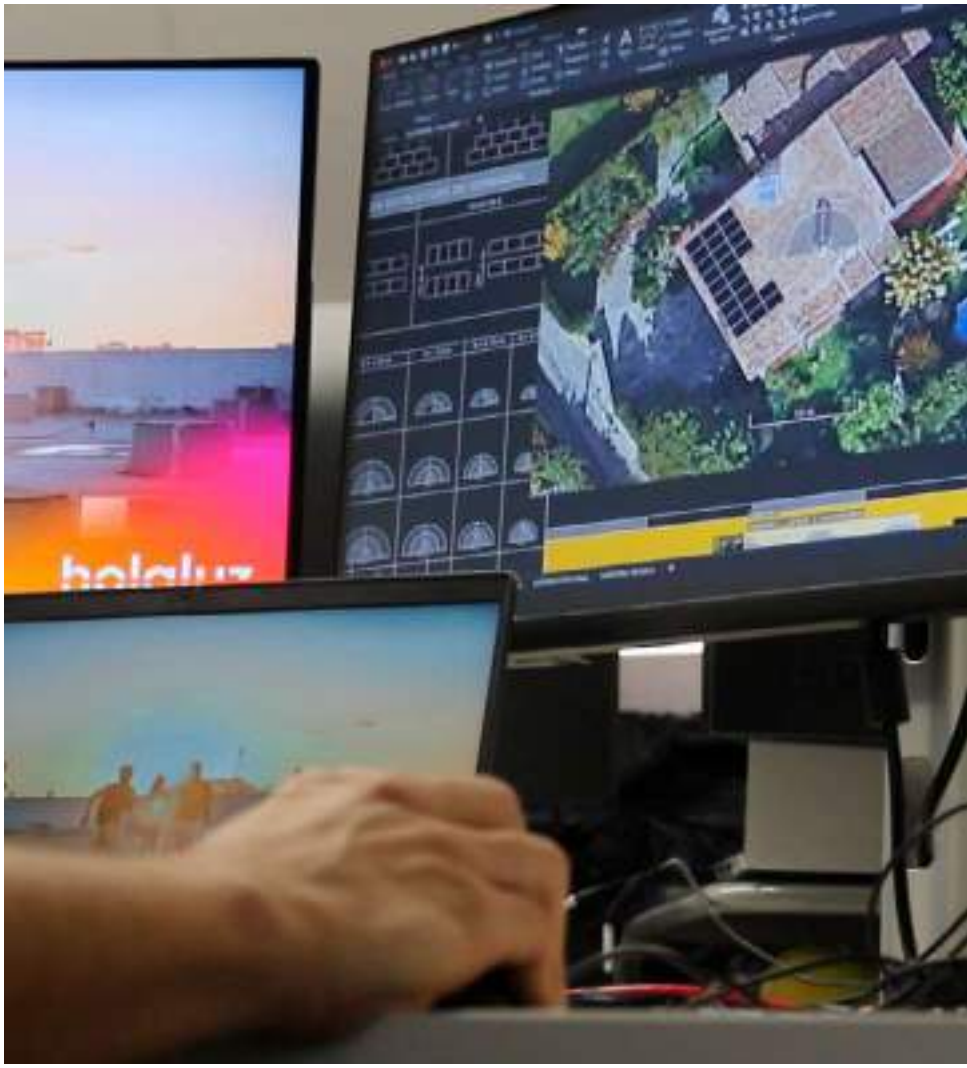
This is the second Integrated Report of Holaluz (**Holaluz-Clidom S.A.**) for the year ending 31 December 2023. The purpose of the report is to inform readers of the matters relating to environmental, social and economic questions as well as staffing, human rights and the impact of the company's activity.

This **Integrated Report**, available on the company's website is part of the management report and constitutes the Non-financial Information Statement. The consolidated financial statements presented for the year 2023 follow the framework of the General Accounting Plan and include all subsidiary companies of the parent Holaluz-Clidom, S.A[93].

This Integrated Report has been prepared in accordance with the reference framework **Integrated Reporting of International Financial Reporting Standards Foundation (IFRS)** outlining the communication of how strategy, governance, performance and perspectives of Holaluz impact the creating of value in the short, medium and long term.

It has also been prepared in reference with the GRI Universal Standards and adheres to the European Commission guidelines on the non-financial reporting (2017/C 215/01), arising from **Directive 2014/95/EU**, the requirements established in **Law 11/2018 of 28 December on Non-financial Reporting and Diversity**[94] and the **European Taxonomy**. Finally, the information presented in relation to Law 11/2018 has been to verification by an independent verification service provider. The **verification report** is included in the Annex IV.

For any doubts or queries in relation to this report and its content, Holaluz can be contacted at investors@holaluz.com.



93. Subsidiary companies of Holaluz-Clidom, S.A: Clidomer Unipessoal, LDA; Clidom Italia, SRL; Clidom France, SARL; Holaluz Generación, SL; Clidom Solar, SL; Clidom Generación, SL; Holaluz Rooftop Revolution, SL; Katae Energia, SL; Gestion Hidraulica Canarias, SL; and Clidom Energía Ibérica.
94. Information for Holaluz-Clidom, S.A and all its subsidiary companies included.

Annex I - Indicators

Reported below are those company indicators for 2023 that are also comparable to the results from the previous year.

Environment

The focus of environmental management is detailed in the chapter **Environment: creating a 100% green planet**. The data reported refers to the company as a whole, unless stated otherwise.

Waste generation at offices has been calculated according to the Study of Waste Generated in Offices, where the weights of different types of waste generated on each floor are recorded on a quarterly basis, which has allowed to obtain very accurate data in terms of generation and how it relates to staff levels over the course of the year.

In terms of waste generated at warehouses, the inventory of waste managed by authorised waste management companies is reported.

Waste

Non-hazardous waste (t)	Treatment	2023	2022
Paper and cardboard packaging	Recycling	**14.2**	17.2
Plastic packaging	Separation and recycling	**7.4**	1.7
Banal	Classification and recycling	**4.7**	4.6
Wooden pallets	Reuse and recycling	**9.6**	12.5
Glass	Recycling	**0.1**	0.5
Defective solar panels	Separation and recycling	**9.9**	1.4
Debris	Classification and recycling	**21.4**	1.6
WEEE	Separation and recycling	**0.013**	n/a
Metal scrap	Recycling	**0.5**	n/a
Total		**67.8**	39.4

Hazardous waste (t)	Treatment	2023	2022
Chemical product packaging	Separation and recycling	**0.1**	NR*
WEEE (special waste)	Separation and recycling	**1.5**	0*
Total		**1.6**	0

* Not reported. List of waste generated in photovoltaic installation incorporated in 2023.



Raw materials

Since 2022, the main raw materials for each activity carried out at offices or warehouses are classified.

Raw materials consumed (units)	2023	2022
Offices		
Paper	**137,500**	237,500
Office supplies	**1,188**	2,087
Toners cartridges	**14**	13
Installation of solar panels		
Solar panels	**32,793**	46,619
Structures	**26,891**	46,601
Inverters	**3,235**	3,658
Smart meters	**3,048**	3,443
Batteries	**174**	0
EV chargers	**251**	913

Resources

Water consumption	2023	2022
Mains water (m^3)	**1,438**	1,250
Water consumption per person (m^3/person)[95]	**2.0**	2.2

95. Ration calculated based on the average number of employees during the year.

Renewable energy	2023	2022
Diesel (l)	**186,844**	91,587
Petrol (l)	**172,138**	Not reported
Electricity from renewable sources (kWh)	**357,468**	259,651

Energy consumption intensity	2023	2022
Electricity (kWh/ m^2)	**39.3**	60.0
Diesel consumption (l/solar panel installations)	**81.9**	54.7
Petrol consumption (l/visits made)	**8.1**	Not reported

Climate change

Climate change	2023	2022
t CO_2e /net revenue (€M)*	**181.6**	246.6

* The revenue figure used for calculating the intensity of emissions does not include the representation business line affected by the volatility in electricity prices and has no impact on the carbon footprint.

Social

The focus of social management is set out in the chapter **Commitment to People**. The data reported refer to the company as a whole, unless stated otherwise.

Team

The number of employees is counted using the Headcount system as of 31/12/2023 and 31/12/2022.

Employees[96]	C.1: Management team[97]		C.2: Middle management and qualified technicians		C.3: Operations, sales, administrative support		**Total**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Women	**5**	6	**60**	85	**126**	207	**191**	298
16-29	**0**	0	**15**	24	**31**	54	**46**	78
30-39	**1**	2	**30**	46	**51**	80	**82**	128
40-49	**4**	4	**12**	11	**28**	54	**44**	69
50-60	**0**	0	**3**	4	**15**	18	**18**	22
>60	**0**	0	**0**	0	**1**	1	**1**	1
Men	**10**	9	**92**	135	**170**	310	**272**	454
16-29	**0**	0	**17**	28	**38**	79	**55**	107
30-39	**3**	4	**39**	58	**59**	95	**101**	157
40-49	**6**	5	**22**	35	**41**	82	**69**	122
50-60	**1**	0	**14**	14	**31**	51	**46**	65
>60	**0**	0	**0**	0	**1**	3	**1**	3
Total	**15**	15	**152**	220	**296**	517	**463**	752

96. The residential solar energy market in Spain in 2023 contracted by between 49% and 54% according to UNEF and APPA as a result of (a) higher interest affecting the value proposition of financed sales; (b) a perception of lower electricity prices in comparison to 2022 and (c) the end of NEXTGEN subsidies. This forced Holaluz to make adjustments to staffing levels and implement a a Collective Redundancy Procedure (ERE).
97. Holaluz has reviewed the C.1 professional category: Management Team including only members of the Management Commitee and Vice Presidents. The data from the previous year has also been recalculated.



Contract modalities	Permanent %						Temporary %						Intern						Total	
	Full time		Part time		Total		Full time		Part time		Total		Full time		Part time		Total			
Workforce by age	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
16-29	**88**	158	**7**	12	**95**	170	**1**	11	**1**	4	**2**	15	**1**	-	**3**	-	**4**	-	**101**	185
30-39	**174**	257	**9**	2	**183**	259	**0**	26	**0**	0	**0**	26	**0**	-	**0**	-	**0**	-	**183**	285
40-49	**100**	160	**12**	6	**112**	166	**0**	25	**1**	0	**1**	25	**0**	-	**0**	-	**0**	-	**113**	191
50-60	**59**	67	**5**	1	**64**	68	**0**	19	**0**	0	**0**	19	**0**	-	**0**	-	**0**	-	**64**	87
>60	**2**	1	**0**	0	**2**	1	**0**	3	**0**	0	**0**	3	**0**	-	**0**	-	**0**	-	**2**	4
Workforce by gender																				
Women	**167**	262	**19**	10	**186**	272	**1**	24	**1**	2	**2**	26	**1**	-	**2**	-	**3**	-	**191**	298
Men	**256**	381	**14**	11	**270**	392	**0**	60	**1**	2	**1**	62	**0**	-	**1**	-	**1**	-	**272**	454
Workforce by professional category																				
C.1: Management team	**13**	15	**2**	0	**15**	15	**0**	0	**0**	0	**0**	0	**0**	-	**0**	-	**0**	-	**15**	15
C.2: Middle management and qualified technicians	**147**	219	**4**	0	**151**	219	**1**	1	**0**	0	**1**	1	**0**	-	**0**	-	**0**	-	**152**	220
C.3: Operations, sales, administrative support	**263**	409	**27**	21	**290**	430	**0**	83	**2**	4	**2**	87	**1**	-	**3**	-	**4**	-	**296**	517
Total	**423**	643	**33**	21	**456**	664	**1**	84	**2**	4	**3**	88	**1**	NR*	**0**	NR*	**4**	NR*	**463**	752

*Not reported

Average contracts[98]	Permanent %						Temporary %						Intern						Total	
	Full time		Part time		Total		Full time		Part time		Total		Full time		Part time		Total			
Workforce by age	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
16-29	**138.8**	129.2	**5.8**	3.6	**144.6**	132.8	**6.8**	4.4	**4.4**	0.1	**11.2**	4.5	**0.8**	-	**1**	-	**1.8**	-	**157.6**	137.4
30-39	**261.5**	214.6	**9.8**	1.5	**271.3**	216.1	**6.1**	7	**0.3**	0	**6.4**	7	**0.2**	-	**0.6**	-	**0.8**	-	**278.5**	223.1
40-49	**168.5**	125.5	**9.3**	3.1	**177.8**	128.6	**6.2**	8.4	**1.5**	0	**7.7**	8.4	**0**	-	**0**	-	**0**	-	**185.5**	137
50-60	**84.5**	67.7	**3.3**	0.2	**87.8**	67.9	**5**	5.3	**0.1**	0	**5.1**	5.3	**0**	-	**0**	-	**0**	-	**92.9**	73.2
>60	**4.7**	1	**0.2**	0	**4.9**	1	**0.7**	0.7	**0**	0	**0.7**	0.7	**0**	-	**0**	-	**0**	-	**5.6**	1.7
Workforce by gender																				
Women	**247**	205.9	**17.1**	4.8	**264.1**	210.7	**5.3**	9.9	**1.6**	0	**6.9**	9.9	**0.9**	-	**0.9**	-	**1.8**	-	**272.8**	220.6
Men	**411**	332.2	**11.3**	3.6	**422.3**	335.8	**19.5**	15.9	**4.7**	0.1	**24.2**	16	**0.1**	-	**0.7**	-	**0.8**	-	**447.3**	351.8
Workforce by professional category																				
C.1: Management team	**12.7**	15.6	**0.5**	0	**13.2**	15.6	**0**	0	**0**	0	**0**	0	**0**	-	**0**	-	**0**	-	**13.2**	15.7
C.2: Middle management and qualified technicians	**206.8**	187.8	**5.2**	0.6	**212**	188.4	**1**	0.7	**0**	0	**1.0**	0.7	**0**	-	**0**	-	**0**	-	**213**	206.7
C.3: Operations, sales, administrative support	**438.5**	334.7	**22.7**	7.8	**461.2**	342.5	**23.8**	25.1	**6.3**	0.1	**30.1**	25.2	**1**	-	**1.6**	-	**2.6**	-	**493.9**	350
Total	**658**	538.1	**28.4**	8.4	**686.4**	546.5	**24.8**	25.8	**6.3**	0.1	**31.1**	25.9	**1**	NR*	**1.6**	NR*	**2.6**	NR*	**720.1**	572.4

*Not reported. 98. The average contracts have been calculated according to the FTE by time worked in the year and the percentage of working day forms.

Dismissals[99]	C.1: Management team		C.2: Middle management and qualified technicians		C.3: Operations, sales, administrative support		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Women	**0**	0	**20**	0	**66**	7	**86**	7
16-29	**0**	0	**6**	0	**11**	2	**17**	2
30-39	**0**	0	**10**	0	**24**	2	**34**	2
40-49	**0**	0	**2**	0	**25**	1	**27**	1
50-60	**0**	0	**2**	0	**5**	2	**7**	2
>60	**0**	0	**0**	0	**1**	0	**1**	0
Men	**0**	1	**35**	2	**123**	42	**158**	45
16-29	**0**	0	**3**	1	**29**	13	**32**	14
30-39	**0**	1	**19**	0	**36**	7	**55**	8
40-49	**0**	0	**11**	0	**38**	6	**49**	6
50-60	**0**	0	**2**	1	**17**	16	**19**	17
>60	**0**	0	**0**	0	**3**	0	**3**	0
Total	**0**	1	**55**	2	**189**	49	**244**	52

99. Cases where new hires failed to successfully complete the probationary period or where contracts terminated are not considered dismissals.

Disability	**2023**	2022
Women	**2**	2
Men	**6**	5
Total	**8**	7

Remuneration

Remuneration (€)[100]	2023	2022
Breakdown by age		
16-29	**27,150**	29,499
30-39	**37,361**	40,506
40-49	**40,932**	41,708
50-60	**34,662**	30,764
>60	**30,943**[101]	13,162
Gender distribution		
Women	**35,709**	35,448
Men	**35,200**	37,039
Breakdown by professional category		
C.1: Management team	**185,901**	155,213
C.2: Middle management and qualified technicians	**51,785**	48,949
C.3: Operations, sales, administrative support	**26,369**	28,862

100. The calculation of remuneration has taken into account the basic salary plus a variable component paid during the year and adjusted according to the FTE for time work that year and the percentage of work hours.

101. In 2023 the criteria for inclusion in this group changed, and since there are few people, small changes in the composition of the group also resulted in these changes in the indicators. In 2023, several sales profiles were included in this subgroup.

Average remuneration of governing bodies (€)[102]	Board members[103]		Management team[104]	
	2023	2022	**2023**	2022
Women	**114,529**	124,482	**179,773**	158,881
Men	**113,278**	126,849	**188,729**	153,379

102. The average remuneration of governing bodies includes the variable remuneration component. They do not have access to expenses, compensation or other items.
103. Average remuneration per *headcount* - including partners.
104. Calculated by FTE.

Salary gap[105]	2023	2022
Global (%)	**-1**	4

105. Average remuneration men - Average remuneration women / Average remuneration men

Training

Training (hours)	C.1: Management team		C.2: Middle management and qualified technicians		C.3: Operations, sales, administrative support		**Total**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Women	**81**	14	**947**	985	**5,144**	2,243	**6,172**	3,242
Men	**159**	1,151	**1,455**	3,382	**18,228**	10,734	**19,842**	15,267
Total[106]	**240**	1,165	**2,402**	4,367	**23,372**	12,977	**26,014**	18,509

106. A significant reduction in the investment in training in 2023 was due to the market and staffing adjustments. With respect to the C1 category, in 2022 two managers completed large numbers of hours of training and these individuals are no longer in the company.

Customers

Complaints

In 2023, 1,660 complaints were submitted through consumer agencies compared to 1,820 received in 2022.

Clause 10 of the company's general conditions contract establishes the procedure for customers to submit any complaints directly to Holaluz. Customers can also pursue those extra-judicial procedures provided for in the current legislation.

Complaints	**2023**	2022
Customer complaints (no.)	**1,660**	1,820
Favourable to Holaluz (%)	**43**	40

Governance

The focus of good governance management is detailed in the chapter **Responsible Governance**.

Governance

Governing bodies (31/12/23)	Meetings	Attendance
Board of Directors	11	100%
Audit Committee	2	100%
Nomination and Remuneration Committee	2	100%

Ethical channel

Communications received: In 2023, Holaluz received 16 communication through the Alerts Channel, compared to 28 in 2022.

Tax information

The focus of good governance management is detailed in the chapter **Economic Impact**.

Tax information (thousands of €)	Pre-tax result		Income tax		Public subsidies	
	2023	2022	**2023**	2022	**2023**	2022
Spain	**(34,967)**	(6,036)	**10,841**	2,969	**11.6**	0
Portugal	**(2,649)**	(2,602)	**610**	557	**0**	0
France	**(1)**	(3)	**0**	0	**0**	0
Italy	**0**	(6)	**0**	0	**0**	0
Total	**(37,617)**	(8,647)	**11,451**	3,526	**11.6**	0

Annex II - EU Taxonomy

The European Union Taxonomy and Holaluz's purpose

In recognition of the need for a progressive and effective response to the pressing threat of climate change, the Paris Agreement was adopted in 2015, with the target of keeping the average global temperature well below 2°C (preferably 1.5°C) above pre-industrial levels.

To achieve this global goal, the European Union (EU) has set the goal of becoming carbon neutral by 2050, and reducing greenhouse gas emissions to at least 55% below 1990 levels by 2030.

Aware of the enormous effort that decarbonisation of the economy will entail, the EU has developed a set of measures to involve private capital in the path of the ecological transition and to redirect capital flows towards environmentally sustainable and inclusive activities, enabling climate-resilient economic development with low greenhouse gas emissions. To be able to achieve its carbon neutrality objective by 2050, the European Commission has developed a comprehensive policy agenda on sustainable finance to ensure the achievement of this ambitious climate change goal, which includes the "Sustainable Finance Action Plan" of 2018, and the "Strategy for financing the transition to the sustainable economy" published in July 2021. At the heart of this Action Plan is Regulation (EU) 2020/852 (hereinafter the EU Taxonomy Regulation or EU Green Taxonomy), an essential lever to achieve the goal of a net-zero European Union by 2050.

The Strategy and, more specifically, the Taxonomy, aligns with Holaluz's purpose: to create and live in a 100% renewable world. The company was founded to respond to the global challenge of climate change, enabling the transition to renewable energies, and is among the leading companies in the solar segment in Spain. Thus, Taxonomy allows illustrating how Holaluz's leadership in seeking a model for energy transition towards decarbonization is in line with the climate objectives of the EU.

The Sustainable Finance Action Plan aims to redirect capital flows towards **sustainable investment** and manage ESG-related financial risks.

What is the EU Taxonomy Regulation?

Put simply, the Taxonomy Regulation is a classification system that identifies to what degree economic activities can be considered environmentally sustainable. The goal is to prevent "greenwashing" and help businesses develop ESG roadmaps based on scientific objectives and criteria, thus giving investors and society in general more transparency and security.

Holaluz and all the people who believe in its energy, will continue to progress toward the 2030 and 2050 objectives, and all those which are yet to come.

In order to determine the environmental sustainability of an economic activity, it must help achieve certain environmental objectives. The Taxonomy Regulation establishes six environmental objectives:



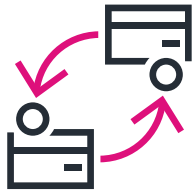
Climate change mitigation



Climate change adaptation



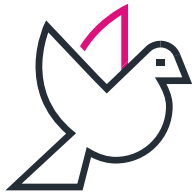
Sustainable use and protection of water and marine resources



The transition to a circular economy



Pollution prevention and control



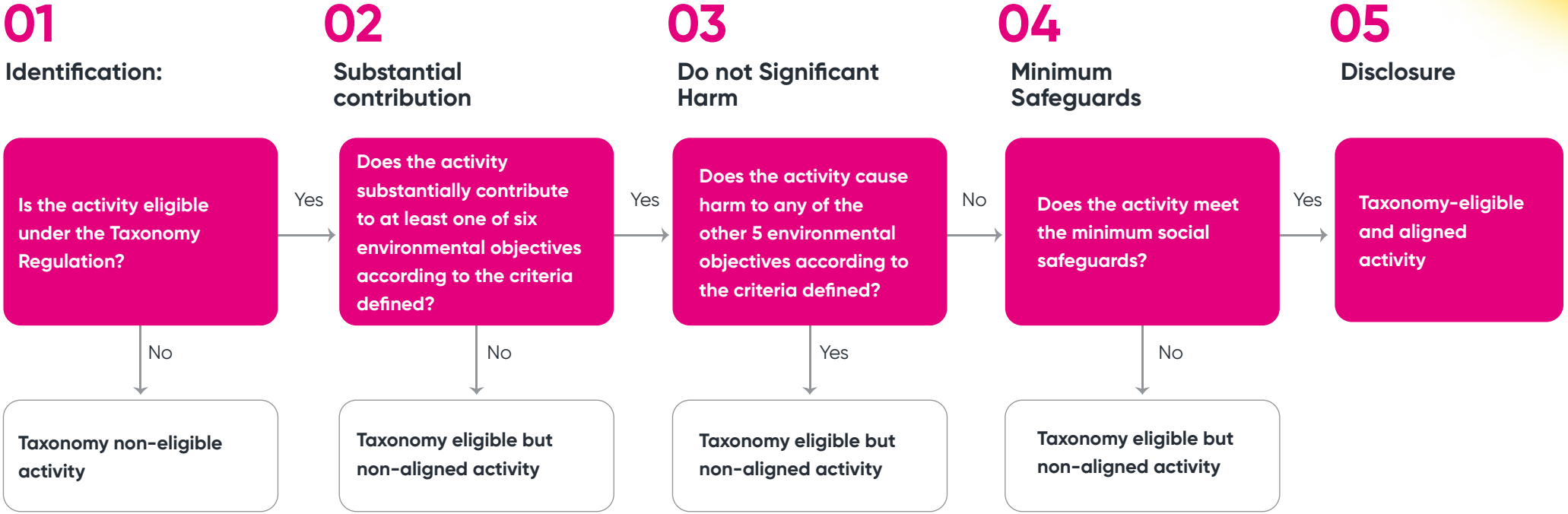
Protection and restoration of biodiversity and ecosystems

How Holaluz has implemented the Taxonomy

This Regulation, which entered into force in 2021, establishes a series of economic activities (eligible activities) grouped according to 13 sectors. For an eligible activity to be considered as environmentally sustainable (aligned activity), it must:

- Contribute substantially to any one of the environmental objectives set out in the regulation.
- Not cause significant harm to the remaining environmental objectives.
- Comply with a minimum of social safeguards.

To establish whether Holaluz's activities are aligned with environmental objectives of the EU taxonomy, the company has analysed its activities according to its criteria to determine whether or not they are performed sustainably.



The process of determining the degree of alignment of the activities developed by Holaluz consisted, firstly, of identifying and classifying its activities and lines of business to ascertain whether or not they are eligible under the Taxonomy. The eligible activities are those described in Commission Delegated Regulation (EU) 2021/2139 (hereinafter, **the Climate Delegated Act**), complemented by Regulation 2023/2485 and Regulation 2022/1214 and Delegated Regulation (EU) 2023/2486, whether through a description of the activity or through a link with the CNAE codes.

Holaluz has **identified and categorised** the set of **activities and business lines** to which it is dedicated to ascertain if they are eligible or not under the Taxonomy.

As shown in the image above, the inclusion of an economic activity in the list of eligible activities does not imply that it is aligned - that is, that it is considered sustainable according to the Taxonomy - it could be if the following requirements are fulfilled:

- The activity substantially contributes to one of the six environmental objectives defined in the EU Green Taxonomy.
- The activity does no significant harm (DNSH) to the other five environmental targets. These criteria are different from those for activities established in the annexes for each of the objectives.
- Finally, Holaluz complies with the so-called minimum safeguards, that is, with the OECD guidelines for multinational companies, the UN Guiding Principles on Business and Human Rights and the International Bill of Human Rights[107].

Finally, for the different types of activities (i.e., ineligible, eligible-not aligned and eligible-aligned) Holaluz reports the indicators in relation to revenue, CapEx and OpEx, as established in the Delegated Act of Article 8 of the Taxonomy Regulation.

What is an eligible and aligned activity?

Eligible activity[108]

An economic activity that is described and meets the technical selection criteria established in the taxonomy (included in the Delegated Regulations).

Aligned activity

Refers to an eligible economic activity that is making a substantial contribution to at least one of the climate and environmental objectives, while not causing significant harm to the remaining objectives and meeting minimum social standards.

108. The absence of certain activities in the EU Taxonomy does not mean that they cannot become sustainable. The EU has defined an initial set of activities with major capacity or potential impact on climate and environment, which may be expanded in the future with additional activities.

The information has been calculated in accordance with the provisions of Annex I of Delegated Regulation (EU) 2021/2178 (hereinafter, the Climate Delegated Act) Article 8 for each economic activity with regard to its eligibility and alignment. The result is presented according to the templates in the last section of this Annex.

107. The minimum safeguards are based on the Technical Expert Group's recommendations expressed in their report published in March 2020. They were included during the later stages of the TEG recommendations following a request from the European Parliament to ensure that entities carrying out environmentally sustainable activities, which are labelled as taxonomy-aligned, meet certain minimum standards of governance and do not violate social norms, including human and employment rights.

Analysis of activities according to the EU Taxonomy

Based the analysis, the following results have been obtained regarding alignment with the Taxonomy for 2023:

Area of Activity	Description of the Activity	Link to the Taxonomy
Eligible and aligned activities		
Installation and management of photovoltaic installations	Installation, management and maintenance of installations by means of photovoltaic solar panels.	Activity 7.6. of the Climate Delegated Act: Installation, maintenance and repair of renewable energy technologies
Non-eligible activities		
Natural gas commercialisation[109]	The commercialisation of gas included activities such as purchasing gas supplied to homes or businesses and coordinating with the distribution company for proper gas supply. However, since that activity ended in 2022, the revenues earned during the year 2023 are attributed to the sale of the remaining stock of natural gas, considering final billing adjustments and provisions and reversals.	This activity is not considered in the Climate Delegated Act
Other non-eligible activities		
Commercialisation of electricity from 100% renewable sources	Purchasing energy with renewable Guarantee of Origin (GoO) certificates, to certify that the acquired energy comes from renewable sources, and subsequent commercialisation to customers. This also includes the use of surplus energy that a domestic photovoltaic installation may generate to resell it to nearby customers (those located within a 2 km radius) of the point of generation.	This is currently considered ineligible as it is not included in the Climate Delegated Act
Representation and management of sales for producers of renewable electricity	Representation in OMIE (independent operator of the wholesale electricity market) of the energy generated from renewable energy producers. In most cases, energy producers who wish to participate in this market must do so through a representative (such as Holaluz).	This is currently considered ineligible as it is not included in the Climate Delegated Act

109. In October 2022, Holaluz abandoned this line of business and is now wholly focused on renewable and solar electricity.

Consequently, the activity of assembly and management of photovoltaic installations carried out by Holaluz as part of the Rooftop Revolution is among the activities eligible for the Taxonomy.

The three steps mentioned above were followed to analyse the alignment of this activity with the Taxonomy:

Alignment analysis of activity 7.6. Installation, maintenance and repair of renewable energy technologies

Climate change mitigation objective

Criterion

Substantial contribution

Results of the alignment analysis

Due to its very nature, the activity "7.6 Installation, maintenance and repair of renewable energy technologies" contributes substantially to climate change.

Criterion

Do no significant harm (DNSH)

Results of the alignment analysis

Holaluz has analysed the material physical risks with respect to the activity and has taken adaptation measures. Specifically, Holaluz has analysed the physical climate risks to which its assets are exposed using a semi-quantitative methodology. To conduct this analysis, the RCP climate scenarios 4.5 and 8.5 were considered (on two time horizons covering 2022-40 and 2041-2060). It was concluded that Holaluz's assets are not exposed to material physical risk. That conclusion notwithstanding, Holaluz has adopted climate change adaptation solutions. See more details in section Climate Change risks and opportunities.

Criterion

Minimum safeguards

Results of alignment analysis

General compliance with minimum safeguards on human rights, anti-corruption, tax and fair competition. Specifically:

- **Human rights**: Holaluz has in place a Human Rights Policy and a Sustainable Procurement Policy that includes issues relating to human rights.
  We have also established a due diligence process on Human Rights to assess the real and potential impact on human rights, integrating the evaluation results and putting the corresponding actions into practice and monitoring them. Finally, the company has adequately applied the due diligence process and has not committed human rights abuses. See the section Human Rights in this report for more details on compliance with this request.
- **Corruption and bribery**: Holaluz has a Compliance Programme in place based on the implementation of a series of policies and procedures that reinforce ethics in business. This Programme applies to the entire organisation, all people within Holaluz, highlighting in particular:
  - The Crime Prevention Policy (including matters relating to corruption).
  - The Anti-corruption Policy (on which Holaluz delivers periodic training within the framework of Compliance training).
  - The Conflict of Interest Management Policy.
  - The Anti-Money Laundering and Countering the Financing of Terrorism Manual, the content of which is updated periodically in order to include the improvements considered necessary for effective implementation.

  Finally, neither the company nor its directors have been convicted of corruption.

- **Tax**: Holaluz has a Tax Management and Communication with Tax Authorities Policy which establishes the company's tax principles of integrity, prudence and transparency. These principles are a guide for the management system, control and strict compliance with current legislation, assessing risks and paying all taxes due at all times. Additionally, the Board of Directors periodically supervises the information reported to the different Public Bodies in tax matters in order to comply with the information requirements and with all the tax obligations arising from its business activity. The company has in place a Selection and Appointment of Auditors Policy. Finally, none of the management team has been convicted for violation of tax legislation.
- **Fair competition:** Holaluz has a Ethical code with guidelines to be followed by the whole team. These guidelines are found in guideline 4 "Compliance with standards" indicating that, although the companies may be tempted to overlook standards and principles of adequate conduct in order to obtain an unfair competitive advantage, Holaluz is committed to compliance with the legislation in force in any of the countries in which it carries its activities. It should be noted that the legal area stays abreast of the latest regulatory developments and also that training is provided on the content of the Ethical code. Finally, neither the company nor its management team have not been convicted of violating competition laws.

Climate change mitigation objective

Criterion

Substantial contribution

Results of alignment analysis

Includes adaptation to climate change solutions. See the section Environment: a 100% green planet in this report for more details on compliance with this request.

Criterion

Do no significant harm (DNSH)

Results of alignment analysis

Holaluz complies with the DNSH criterion for the objective of mitigation, as PV installations are not installed on buildings dedicated to the extraction of fossil fuels.

Criterion

Minimum safeguards

Results of alignment analysis

General compliance with minimum safeguards in terms human rights, anti-corruption, tax and fair competition. See the previous section for more details on compliance with this request.

In conclusion, compliance with these criteria make this line of business a fundamental element to contribute to the fight against climate change, at the same time a viable and efficient clean energy alternative which will help achieve the EU's ambitious climate objectives.

As of December 2023, Holaluz has completed nearly three thousand photovoltaic installations. This way, Holaluz not only leads the energy transition, but does so through an impactful business model that allows it to respond to the global challenge of energy transition and climate change, connecting people through a distributed generation model based on green energy.

Fit for 55 and green electricity commercialisation and representation activities

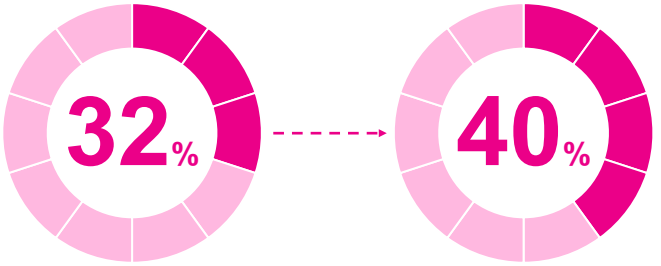
Through its multiple activities, Holaluz fosters the penetration of renewable energies in the different phases of their life cycle, from its **representation activity within OMIE** for the energy generated from renewable energy producers - to increase the energy injected into the grid -, to the activity of **commercialisation of electricity** from 100% renewable sources, where Holaluz manages customers' energy production and consumption, both "prosumers" (customers with distributed solar energy systems) and customers without solar panels who use their surpluses, as well as the **installation and assembly of solar panels** - to increase the solar energy generated and consumed.

Notwithstanding the above, according to the current wording of the Climate Delegated Act, neither the commercialisation of renewable energy, nor the representation within OMIE - which, according to the current regulation[110], is compulsory for producers to access the wholesale market in most cases, making Holaluz's activity essential - can be considered eligible under the Taxonomy, as they are not included in any of the literal definitions of the Delegated Climate Act and are therefore considered activities that do not substantially contribute to climate change mitigation.

However, over time this may be reviewed in light of the "Fit for 55" package of measures and the climate targets agreed by the Council and the European Parliament[111]. The "Fit for 55" package consists of a battery of proposals to review and update EU legislation and launch new initiatives to ensure that the European Union reduces its net greenhouse gas emissions – to ensure it reduces emissions by at least 55% by 2030 (compared to 1990 levels) to put the EU firmly on the path towards climate neutrality by 2050.



The new EU target for 2030 will almost double the EU's current share of renewables, bringing it 40% of total energy consumption

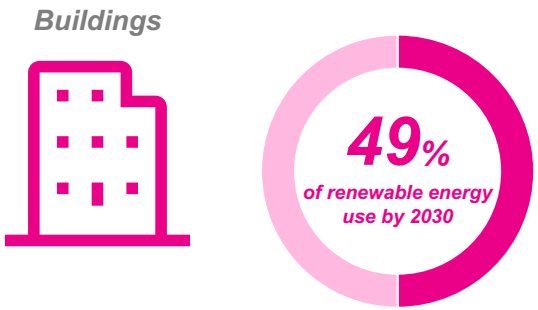


Current target for 2030: at least 32%

New target for 2030: at least 40%

110. ROYAL DECREE 661/2007, of 25 May, regulating the electricity production under the special regime.
111. Communication of the commission on the interpretation of certain legal provisions of the delegated act on disclosure of information pursuant to Article 8 of the Regulation on the EU taxonomy on the reporting of eligible economic activities and assets. Note 13.

According to the European Union, the transition to cleaner forms of energy is an indispensable condition for achieving climate neutrality. Under the "Fit for 55" package, the EU is obliged to ensure that 40% rather than 32% of its energy consumption comes from renewable energy sources by 2030. That is, by 2030, at least 40% of all energy consumed in the EU must come from renewable sources. Between now and 2030, at least 40% of all energy consumed in the EU must come from renewable sources.



In order to meet the established emission reduction targets, the activity carried out by companies such as Holaluz -which, in addition to installing solar panels, also commercialise renewable electricity and act as representatives in the wholesale market- will be indispensable and it is considered that, in future reviews, the inclusion of the activity of commercialising energy from renewable sources, among others, should be considered.

In the sectoral sphere of the Holaluz Rooftop Revolution, the new Directive on Renewable Energy Sources, currently being worked on at the EU, will propose that 49% of energy in buildings comes from renewable energies from here to 2030.

So, through 100% green electricity (that is, with a renewable sources guarantee of origin) and representation within OMIE, Holaluz plays a catalyst role in the energy transition to reach the European Union targets. In effect, through the commercialisation of green electricity, Holaluz makes it possible to consume more green electricity and, through representation within OMIE, Holaluz makes it possible to inject green energy in the network (it is important to underline that using a representative is a legal requirement in many cases and, therefore, essential to allow most producers access the wholesale market).

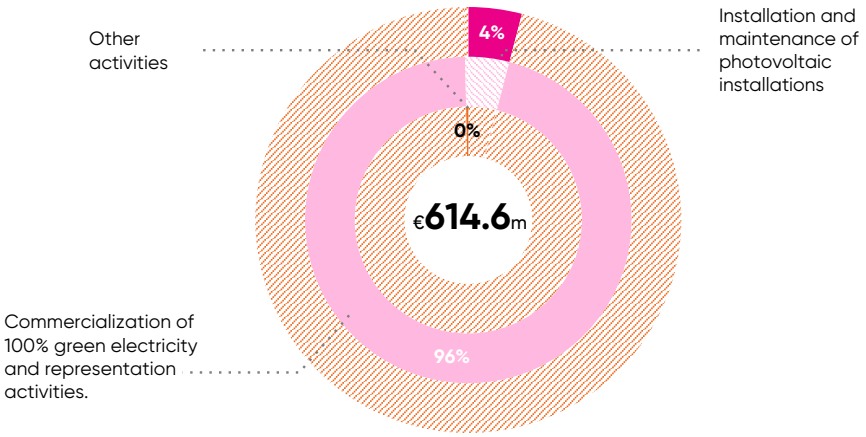
For this reason, in the following section, the results obtained are presented with complementary information considering the 100% green energy commercialisation activity and representation within OMIE.



EU Taxonomy at a glance

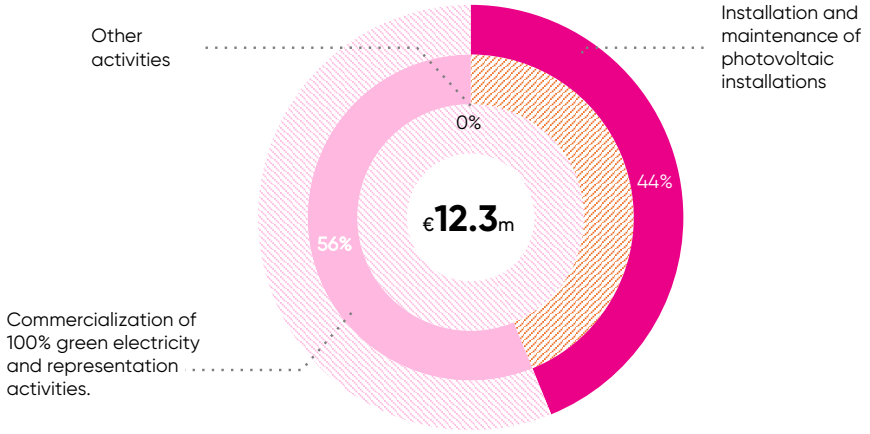
In the second reporting period, the degree of alignment of the activities carried out by Holaluz with the EU Taxonomy, as a consequence of its contribution to the objective of climate change mitigation, without causing significant damage to the other five environmental objectives defined and respecting the minimum safeguard was as follows[112]:

Revenue



- 4% of revenue was generated from eligible business activities aligned with the EU Green Taxonomy.
- The remaining 96% of revenue was generated from the commercialisation of 100% green electricity and representation activities.

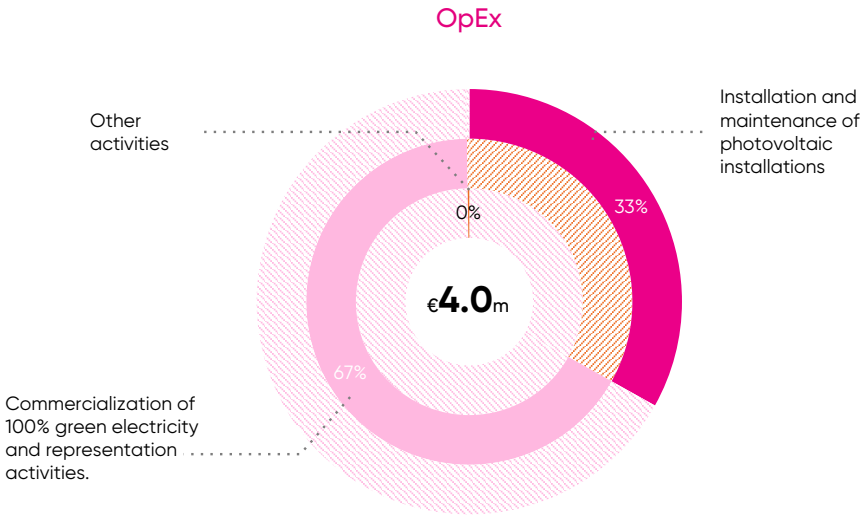
CapEx



- 44% of capital expenditure (CapEx) was generated from eligible business activities aligned with the EU Green Taxonomy. The following is a breakdown of what portion of CapEx allocated to the achievement of a substantial contribution to each of the environmental objectives:
  - Climate change mitigation: 44%
  - Climate change adaptation: 0%

  Due to nature of the activities of Holaluz, there is no substantial contribution to any of the remaining goals.
- The remaining 56% of capital expenditure was generated from the commercialisation of 100% green electricity and representation activities.

112. As commented in the previous section, the KPIs referring to the commercialisation of 100% green electricity are provided as complementary i information, although this activity, as of the date publication of this report, is not an eligible activity under the Delegated Climate Act.



- 33% of Operating expenditure (OpEx) was generated from eligible business activities aligned with the EU Green Taxonomy. The following is a breakdown of what portion of OpEx allocated to the achievement of a substantial contribution to each of the environmental objectives:
  - Climate change mitigation: 33.1%
  - Climate change adaptation: 0.2% (OpEx allocated to the adaptation of activity to climate change; in particular, the installation of concrete blocks (ballasts) on flat roofs to adapt to the risk arising from the weather variable of strong winds or storms (i.e., to counteract the effect of strong wind)

  Due to nature of the activities of Holaluz, there is no substantial contribution to any of the remaining goals.
- The remaining 67% of operating expenditure (OpEx) was generated from the commercialisation of 100% green electricity and representation activities



Scope of Annex II

In the analysis carried out to establish eligible activities under the criteria of the European Commission for the EU Green Taxonomy, all the companies within the consolidation scope of Holaluz have been considered. Holaluz has established the necessary control measures to ensure the correct application of consolidation accounting principles and to prevent double accounting for all financial indicators.

Economic KPIs

Climate change mitigation objective

Methodology of revenue KPI:

In accordance with Annex II of the Delegated Act of Article 8, the proportion of revenue has been calculated as the portion of net revenue derived from products or services, including intangibles, associated with eligible-aligned or eligible-non-aligned economic activities (numerator), divided by the net revenue (denominator) as defined in Article 2, paragraph 5, of Directive 2013/34/EU[113].

(a) Items included

In the case of Holaluz, the sums resulting from the sale of products and the provision of services available in the consolidated financial statements (hereinafter "CFSs") have already been subject to deductions for sales rebates, value added tax and other taxes directly linked to revenue.

In accordance with the Article 8 Delegated Act[114], revenue must include "*those items that present for the financial year the sums corresponding to [...] ordinary income, indicating separately the interest income calculated using the effective interest rate method*".

In this regard, in the case of Holaluz, no additional sum to be considered was identified.

(b) Traceability with the CFSs

The information relating to the activities of Holaluz can be extracted directly from their CFSs given the level of segregation of activity for the revenue figure. Specifically, in note 18 (A) of the CFSs, the breakdown of the net revenue sum by categories of activity is as follows:

1. Commercialisation of electricity
2. Commercialisation of gas
3. Representation of electricity
4. Solar sales

The only eligible and aligned activity, "7.6 Installation, maintenance and repair of renewable energy technologies" corresponds to the item "Solar Sales".

Methodology of CapEx KPI:

The proportion of CapEx was calculated as the numerator divided by the denominator, in accordance with section 1.1.2.1 and 1.1.2.2. of Annex I of the Article 8 Delegated Act.

In accordance with the Article 8 Delegated Act, the denominator includes:

- Additions made to tangible and intangible assets during the reporting period before depreciation, amortization and any valuations, including those resulting from revaluations and value impairments for the same period, excluding changes in fair value.
- Additions made to tangible and intangible assets resulting from mergers.

  For non-financial companies applying the national Generally Accepted Accounting Principles (GAAP), such as the case of Holaluz, CapEx includes all costs booked within the framework of the applicable GAAP, corresponding to the costs included in investments in fixed assets by non-financial companies applying the International Financial Reporting Standard (IFRS).

113. "Article 2, section 5 of Directive 2013/34/EU" states that "net revenue" means the amounts derived from the sale of products and the provision of services after deducting sales rebates and value added tax and other taxes directly linked to revenue".
114. The Article 8 Delegated Act refers to International Accounting Standard (IAS) 1, paragraph 82, letter a) adopted by Commission Regulation (EC) No 1126/2008.

The numerator will also include the part of the investments in fixed assets included in the denominator that:

1. Is related to assets or processes linked to taxonomy-aligned activities;
2. Forms part of a plan to broaden the economic activities adhering to the Taxonomy or to allow eligible economic activities according to the Taxonomy ("CapEx plan") under the conditions specified in point 1.1.2.2 paragraph two of Annex I of the Article 8 Delegated Act;
3. Is related to the purchase of the production obtained from taxonomy-aligned economic activities and individual measures than make it possible for the activities in question have low carbon emissions or lead to reductions in greenhouse gases, in particular the activities listed in points 7.3 to 7.6 of Annex I of the Delegated Climate Act, provided that these measures are implemented and in operation within a period of eighteen months.

   On this third point, it should be noted that the evaluation must focus on products acquired and the individual measures carried out by Holaluz, and not on the objective economic extractivist activity incurring the costs.

In the case of Holaluz, in reference to the second and third points for CapEx, the company currently has no plan to expand the taxonomy-aligned economic activities or to bring taxonomy-eligible economic activities into alignment with the Taxonomy, nor has it implemented individual measures, given that it occupies its offices on a "co-working" basis.

For these reasons, all CapEx currently reported by Holaluz refers exclusively to point one above.

(a) Items included

In the case of tangible assets, the items included are:

- Information processing equipment
- Installations
- Furniture and office equipment
- Transport elements

In the case of intangible asses, the items included are:

- Goodwill
- Industrial property
- Development
- IT Applications

(b) Traceability with the CFSs

In the case of CapEx, the correlation between the data to be reported and the data available in the CFSs is not direct. Notwithstanding the above:

- The data in notes 5 and 6 of the CFSs are taken as the starting data.
- In the case of additions made to tangible and intangible assets, only investment and allocations are considered, along with business mergers if any. In both cases, accumulated depreciation is excluded.
- In this case, the items of CapEx to be considered for aligned activity "7.6. Installation, maintenance and repair of renewable energy technologies" will correspond to the total additions of the companies Clidom Solar and Katae.

Given that tangible assets booked are used for both taxonomic activities and for non-taxonomic activities, it is necessary to determine the criteria to "distribute" CapEx among the different activities. In the case of Holaluz, the CapEx was distributed based on revenue by type of Holaluz activity (separating taxonomic and non-taxonomic activities). The reason for the use of this criterion is that entries of tangible and intangible assets is not linked to research and development (R&D), so it is assumed that CapEx will have a direct entry and the income is linked to same.

Methodology of OpEx KPI:

To calculate the OpEx denominator (hereinafter "Taxonomic OpEx"), direct, uncapitalised costs Holaluz has incurred during the fiscal year (respecting the principle of accrual) and related to the following are included:

1. Research and development (R&D) costs.
2. Management and repair costs of assets managed by the company and guaranteeing continued functioning of the assets managed, including building renovation costs.
3. Short-term lease costs, i.e., less than one year, also known as operating leases.
4. Other direct costs relating o the daily maintenance of property, plant and equipment by the company or a third party to whom activities are outsourced and which are necessary to ensure the continued effective operation of such assets. The costs of adapting human resource and making the continue operation of the assets managed by the company possible.

   In the FAQs documents, the Committee specifies that the item "Other direct costs" should include those material costs used for maintenance and repair of the assets, including personnel costs for maintenance and cleaning and IT costs for this purpose. It is also considered that the general costs, raw material and personnel costs for the operation of the asset and the supply costs necessary for its functioning should be excluded from the calculation

The numerator includes the items of the operating costs included in the denominator that:

a) are related to assets or processes linked to eligible-aligned economic activities, including training and other needs for adaptation of human resources and non-capitalised direct costs of research and development;

b) form part of the CapEx plan to broaden the taxonomy-aligned economic activities or to enable taxonomy-eligible economic activities to align with the taxonomy within a pre-defined term, as established in the previous CapEx section;

c) are related to the purchase of production obtained from economic activities that align with the taxonomy and individual measures that make it possible for the targeted activities to become low-carbon or lead to greenhouse gas reductions, as well as individual building renovation measures, as identified in delegated acts adopted in accordance with Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of the Taxonomy Regulation, and provided that these measures are implemented within a period of eighteen months.

Under no circumstances will input costs (e.g., energy consumption costs) be included as Taxonomic OpEx.

(a) Items included

The taxonomic OpEx denominator includes items of spending on research and development, repair and conservation, maintenance, rent and cleaning.

(b) Traceability and CFSs

As in the case of CapEx, and unlike the revenue KPI, there is no direct correlation between activity and the item of the CFSs.

Once again, the items of OpEx to be considered for aligned activity "7.6. Installation, maintenance and repair of renewable energy technologies" will correspond to the total items of the companies Clidom Solar and Katae.

In this regard, the same hypothesis is followed as in the case of the distribution of CapEx, as explained above.

Climate change mitigation objective

Revenue linked to the climate change mitigation objective

When an economic activity contributes to several environmental objectives, non-financial companies must disclose the proportion of revenue, CapEx and OpEx of said activity contributing to each environmental objective.

This is the case of activity "7.6. Installation, maintenance and repair of renewable energy technologies", present in both Annex I (mitigation) and Annex II (adaptation) of the Delegated Climate Act and, in the case of Holaluz, aligned with both objectives.

Specifically, the Delegated Act of Article 8 establishes that the key indicator of results referred to in point one of the revenue item excluding from the numerator the portion of net revenue from products and services linked to economic activities that have been adapted to climate change unless such activities:

a) are considered enabling activities in accordance with Article 11, section 1, letter b) of Regulation (EU) 2020/852; or

b) are Taxonomy-aligned.

In the Delegated Climate Act (Annex II) activity "7.6. Installation, maintenance and repair of renewable energy technologies" is not considered an enabling activity, so it is classified as an "adapted" activity under the adaptation objective.

At a methodology level, the "adapted" activities cannot report revenues (so the figure to report in the table is zero).

CapEx linked to the climate change mitigation objective

Firstly, it is important to note that the CapEx to be included should adhere to the definition of the items presented in the analysis of the CapEx made for the climate change mitigation objective. Detailed below is the portion of CapEx allocated to a substantial contribution to adaptation to climate change.

OpEx linked to the climate change mitigation objective

As in the case of the CapEx, the operating costs to be included should adhere to the definition of the items present in the analysis of the CapEx made for the climate change mitigation objective.

As required in the technical selection criteria for activity "7.6 Installation, maintenance and repair of renewable energy technologies", Holaluz has carried out an evaluation of the vulnerabilities and climate risks for this activity and has worked on an adaptation plan for said activity.

In this context, as a result of the aforementioned risk assessment, in 2023, concrete blocks (ballasts) were installed on flat roofs to adapt to the risk arising from the weather variable of strong winds or storms (i.e., to counteract the effect of strong winds).

These costs, which amounted to 8,607 euros, are for adaptation of activity "7.6 Installation, maintenance and repair of renewable energy technologies" to climate change (the remaining part of CapEx is geared towards the mitigation of climate change).

Presented below is the result of the three KPIs required for Article 8 of the Taxonomy Regulation in relation to eligibility and alignment with the Taxonomy.

Revenue (in millions of euros)

Financial year 2023		Year		Criteria for substantial contribution						Criteria for absence of significant harm ("Do No Significant Harm").									
Economic activities	Codes	Revenue (M€)	Proportion of revenue, year 2023	Mitigation of climate change	Mitigation of, and adaptation to, climate change	Water	Pollution	Circular economy	Biodiversity	Mitigation of climate change	Mitigation of, and adaptation to, climate change	Water	Pollution	Circular economy	Biodiversity	Minimum guarantees	Proportion of revenue aligned with taxonomy (A.1) or eligible according to taxonomy (A.2), year 2022	Category enabling activity	Category transitional activity
B. ACTIVITIES ELIGIBLE ACCORDING TO TAXONOMY																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	24.9	4.1%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	3.3%		
Installation, maintenance and repair of renewable energy technologies	CCA 7.6	0	0.0%	N/EL	S	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0%		
Revenue from environmentally sustainable activities (Taxonomy-aligned) (A.1)		**24.9**	**4.1%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**S**	**S**	**S**	**S**	**S**	**S**	**S**	**3.3%**		
Of which: enabling		0	0%	0%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	0%	F	
Of which: transitional		0	0%	0%						S	S	S	S	S	S	S	0%		L
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy non-aligned activities)																			
Revenue from Taxonomy-eligible but not environmentally sustainable activities (Taxonomy non-aligned activities) (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
A. Revenue from Taxonomy-eligible activities (A.1+A.2)		**24.9**	**4.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**3.3%**		
B. ACTIVITIES NOT ELIGIBLE ACCORDING TO TAXONOMY																			
B. Revenue from Taxonomy non-eligible activities (B)		**589.7**	**95.9%**																
TOTAL (A+B)		**614.6**	**100%**																

Y= Yes
N= No
N/EL= Not eligible

CapEx (in millions of euros)

Financial year 2023		Year		Criteria for substantial contribution						Criteria for absence of significant harm ("Do No Significant Harm").									
Economic activities	Codes	CapEx (€M)	Proportion of CapEx, year 2023	Mitigation of climate change	Mitigation of, and adaptation to, climate change	Water	Pollution	Circular economy	Biodiversity	Mitigation of climate change	Mitigation of, and adaptation to, climate change	Water	Pollution	Circular economy	Biodiversity	Minimum guarantees	Proportion of CapEx Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2), year 2022	Category enabling activity	Category transitional activity
B. ACTIVITIES ELIGIBLE ACCORDING TO TAXONOMY																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	5.3	43.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	41.7%		
Installation, maintenance and repair of renewable energy technologies	CCA 7.6	0	0.0%	N/EL	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
CapEx on environmentally sustainable activities (Taxonomy-aligned) (A.1)		**5.3**	**43.7%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**41.7%**		
Of which: enabling		0	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	F	
Of which: transitional		0	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		L
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy non-aligned activities)																			
CapEx on Taxonomy-eligible but not environmentally sustainable activities (Taxonomy non-aligned activities) (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
A. CapEx on taxonomy-eligible activities (A.1+A.2)		**5.3**	**43.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**41.7%**		
B. ACTIVITIES NOT ELIGIBLE ACCORDING TO TAXONOMY																			
B. CapEx on taxonomy non-eligible activities (B)		**7.0**	**56.3%**																
TOTAL		**12.3**	**100%**																

Y= Yes
N= No
N/EL= Not eligible

OpEx (in millions of euros)

Financial year 2023		Year		Criteria for substantial contribution						Criteria for absence of significant harm ("Do No Significant Harm").									
Economic activities	Codes	OpEx (€M)	Proportion of OpEx, year 2023	Mitigation of climate change	Mitigation of, and adaptation to, climate change	Water	Pollution	Circular economy	Biodiversity	Mitigation of climate change	Mitigation of, and adaptation to, climate change	Water	Pollution	Circular economy	Biodiversity	Minimum guarantees	Proportion of revenue Taxonomy-aligned (A.1) or taxonomy-eligible (A.2), year 2022	Category enabling activity	Category transitional activity
B. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	1.3	33.1%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	Y	Y	Y	50.7%		
Installation, maintenance and repair of renewable energy technologies	CCA 7.6	0.01	0.2%	N/EL	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
OpEx from environmentally sustainable activities (Taxonomy-eligible) (A.1)		**1.4**	**33.3%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**50.7%**		
Of which: enabling		0	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	F	
Of which: transitional		0	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		L
A.2 Activities eligible according to the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
OpEx on Taxonomy-eligible but not environmentally sustainable activities (Taxonomy non-aligned activities) (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
A. OpEx on Taxonomy-eligible activities (A.1+A.2)		**1.4**	**33.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**50.7%**		
B. ACTIVITIES NOT ELIGIBLE ACCORDING TO TAXONOMY																			
B. OpEx on Taxonomy non-eligible activities (B)		**2.6**	**66.7%**																
TOTAL (A+B)		**4.0**	**100%**																

Y= Yes
N= No
N/EL= Not eligible

Annex III - Table of contents

GRI

GRI	Nº	Content	Page and/or response	Omission Reason
GRI 2	2-1	Organization details	12, 94	
GRI 2	2-2	Entities included in the organization's sustainability report	127	
GRI 2	2-3	Period covered by the memory, frequency and point of contact	127	
GRI 2	2-4	Restatements of information	127	
GRI 2	2-5	External assurance	Annex IV	
GRI 2	2-6	Activities, value chain and other business relationships	11-24, 31, 87-88, 103-105	
GRI 2	2-7	Employees	68-79, 130-134	
GRI 2	2-9	Governance structure and composition	91-94	
GRI 2	2-10	Nomination and selection of the highest governance body	93	
GRI 2	2-11	Chair of the highest governance body	92-93, 97-100	
GRI 2	2-12	Role of the highest governance body in overseeing the management of impacts	91-94	
GRI 2	2-13	Delegation of responsibility for impact management	94-95	
GRI 2	2-14	Role of the highest governance body in sustainability reporting	91, 94	
GRI 2	2-15	Conflicts of interest	96, 97, 100	
GRI 2	2-16	Communication of critical concerns	Throughout 2023, the organization did not receive any communications expressing critical concerns toward its highest governing body. In the event such communications arise, they would be directed to the human resources department, responsible for conveying critical concerns to the board of directors.	
GRI 2	2-17	Collective knowledge of the highest governing body	94	
GRI 2	2-18	Evaluation of the performance of the highest governing body	97, included in the Regulations of the Board of Directors of Holaluz Clidom, S.A	
GRI 2	2-19	Remuneration policies	-	Information not available
GRI 2	2-20	Process to determine remuneration	-	Information not available
GRI 2	2-21	Annual Total Compensation Ratio	-	Information not available
GRI 2	2-22	Statement on sustainable development strategy	32-36	
GRI 2	2-23	Values, principles, norms and standards of conduct	14, 97-101	
GRI 2	2-24	Embedding policy commitments	12, 30-36, 97	
GRI 2	2-25	Processes to remedy negative impacts	95-100	

GRI	Nº	Content	Page and/or response	Omission Reason
GRI 2	2-26	Mechanisms to seek advice and raising concerns	99	
GRI 2	2-27	Compliance with laws and regulations	Due to confidentiality restrictions related to strategic and sensitive information for the organization, this information is not included in this Report.	Confidentiality restrictions
GRI 2	2-28	Membership in associations	103-104	
GRI 2	2-29	Approach to stakeholder engagement	33	
GRI 2	2-30	Collective bargaining agreements	72	
Material issues				
GRI 3	3-1	Process to determine material topics	37	
GRI 3	3-2	List of material topics	37	
Material aspect: Economic performance and market presence				
GRI 3	3-3	Management of material topics	107-122	
GRI 201	201-1	Direct economic value generated and distributed	107-122, 134	
GRI 201	201-2	Financial implications and other risks and opportunities due to climate change	56-66	
GRI 201	201-3	Defined benefit plan and other retirement plan obligations	-	Information not available
GRI 201	201-4	Financial assistance received from government	134	
GRI 201	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	Information not available
GRI 202	202-2	Proportion of senior executives hired from the local community	70	

GRI	Nº	Content	Page and/or response	Omission Reason
Material aspect: Indirect economic impacts				
GRI 3	3-3	Management of material topics	31, 80-84,124-125	
GRI 203	203-1	Infrastructure investments and services supported	31, 80-84	
GRI 203	203-2	Significant indirect economic impacts	31, 80-84	
GRI 204	204-1	Proportion of spending on local suppliers	87-88	
Material aspect: Fight against corruption				
GRI 3	3-3	Management of material topics	95-96	
GRI 205	205-1	Operations assessed for risks related to corruption	96	Incomplete information: 205-1a.
GRI 205	205-2	Communication and training on anti-corruption policies and procedures	140	
GRI 205	205-3	Confirmed incidents of corruption and actions taken	140	
GRI 206	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	The reporting organization has not carried out any legal action during the 2023 financial year in relation to unfair competition, violations of applicable legislation regarding monopolistic practices, or against free competition in which its participation has been identified. Therefore, there are no results of completed legal actions to report in this context.	

GRI	Nº	Content	Page and/or response	Omission Reason
Material aspect: Taxation				
GRI 3	3-3	Management of material topics	90-100	
GRI 207	207-1	Tax approach	90-100	
GRI 207	207-2	Fiscal governance, control and risk management	99-100	
GRI 207	207-3	Stakeholder engagement and management of concerns related to tax	99	
GRI 207	207-4	Country-by-country reporting	134	
Material aspect: Materials				
GRI 3	3-3	Management of material topics	44-45, 48	
GRI 301	301-1	Materials used by weight or volume	48, 129	
GRI 301	301-2	Recycled inputs	The reporting organization does not manufacture or package the materials it utilizes. Consequently, it does not directly incorporate recycled inputs into its service provision.	Not applicable
GRI 301	301-3	Reused products and packaging materials		
Material aspect: Energy				
GRI 3	3-3	Management of material topics	44-45, 49	
GRI 302	302-1	Energy consumption within the organization	129	
GRI 302	302-2	Energy consumption outside the organization	-	Information not available
GRI 302	302-3	Energy intensity	129	
GRI 302	302-4	Reduction of energy consumption	49	
GRI 302	302-5	Reduction of energy requirements of products and services	49	

GRI	Nº	Content	Page and/or response	Omission Reason
Material aspect: Water and effluents				
GRI 3	3-3	Management of material topics	44-45, 50	
GRI 303	303-1	Interaction with water as a shared resource	50	
GRI 303	303-2	Management of impacts related to water discharges	As Holaluz exclusively provides professional services and does not generate industrial discharges, it is not subject to regulations governing minimum standards for effluent discharges. The wastewater generated by its activities resembles sanitary water and is managed in compliance with local regulations pertaining to such discharge types. Consequently, the organization has not established specific internal water quality standards in this regard, nor has it considered sectoral standards or the characteristics of the receiving water body.	
GRI 303	303-3	Water extraction	50	Not applicable
GRI 303	303-4	Water pouring	50	Not applicable
GRI 303	303-5	Water consumption	50, 129	

GRI	N°	Content	Page and/or response	Omission Reason
Material aspect: Emissions				
GRI 3	3-3	Management of material topics	44-45, 51-66	
GRI 305	305-1	Direct GHG emissions (Scope 1)	51-55	
GRI 305	305-2	Indirect GHG emissions when generating energy (Scope 2)	51-55	
GRI 305	305-3	Other indirect GHG emissions (scope 3)	51-55	
GRI 305	305-5	Reduction of GHG emissions	51-55	
GRI 305	305-6	Emissions of substances that deplete the ozone layer (ODS)	Non-material indicator for the company, as considered in the Materiality Analysis	Not applicable
GRI 305	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions		
Material aspect: Waste				
GRI 3	3-3	Management of material topics	44-47	
GRI 306	306-2	Management of significant impacts related to waste	45	
GRI 306	306-3	Waste generated	46-47,1 28	
GRI 306	306-4	Waste not intended for disposal	46-47, 128	
GRI 306	306-5	Waste intended for disposal	46-47, 128	

GRI	N°	Content	Page and/or response	Omission Reason
Material aspect: Environmental evaluation of suppliers				
GRI 3	3-3	Management of material topics	44-45, 48, 87-88	
GRI 308	308-1	New suppliers that have passed evaluation and selection filters in accordance with environmental criteria	-	Information not available
GRI 308	308-2	Negative environmental impacts in the supply chain and measures taken	44-45, 87-88	Incomplete information: a,b,d,e
Material aspect: Employment				
GRI 3	3-3	Management of material topics	68-79	
GRI 401	401-2	Benefits for full-time employees that are not given to part-time or temporary employees	73-74	
GRI 401	401-3	Parental leave	-	Information not available
Material aspect: Worker-company relations				
GRI 3	3-3	Management of material topics	68-79	
GRI 3	402-1	Minimum notice periods for operational changes	The company does not have a defined period.	

GRI	Nº	Content	Page and/or response	Omission Reason
Material topic: Health and safety at work				
GRI 3	3-3	Management of material topics	69, 73-74	
GRI 403	403-1	Occupational health and safety management system	74	
GRI 403	403-2	Hazard identification, risk assessment and incident investigation	74	
GRI 403	403-3	Health services at work	74	
GRI 403	403-4	Worker participation, consultation and communication on health and safety at work	-	Information not available
GRI 403	403-5	Training workers on health and safety at work	74	
GRI 403	403-6	Promotion of workers' health	73	
GRI 403	403-7	Prevention and mitigation of impacts on the health and safety of workers directly linked to business relationships	74	
GRI 403	403-8	Occupational health and safety management system coverage	-	Information not available
GRI 403	403-9	Work accident injuries	74	
GRI 403	403-10	Occupational ailments and diseases	74 In 2023, Holaluz recorded no cases of occupational diseases or fatalities resulting from work-related accidents.	

GRI	Nº	Content	Page and/or response	Omission Reason
Material aspect: Training and development				
GRI 3	3-3	Management of material topics	69-70, 75	
GRI 404	404-1	Average training hours per year per employee	76, 133	
GRI 404	404-2	Programs to improve employee skills and transition assistance programs	75-79	
GRI 404	404-3	Percentage of employees receiving regular performance and career development reviews	-	Information not available
Material aspect: Diversity and equal opportunities				
GRI 3	3-3	Management of material topics	69-79	
GRI 405	405-1	Diversity of governing bodies and staff	130-133	
GRI 405	405-2	Ratio of basic salary and remuneration of women to men	133	
Material aspect: Non-discrimination				
GRI 3	3-3	Management of material topics	77, 98, 101	
GRI 406	406-1	Incidents of discrimination and corrective actions taken	101	
Material aspect: Freedom of association and collective bargaining				
GRI 3	3-3	Management of material topics	72	
GRI 407	407-1	Operations and suppliers whose right to freedom of association and collective bargaining could be at risk	87-88, 101	

GRI	N°	Content	Page and/or response	Omission Reason
Material aspect: Child labor				
GRI 3	3-3	Operations and suppliers with significant risk of child labor cases	101	
GRI 408	408-1	Management of material topics	87-88, 101	
Material aspect: Forced or compulsory labor				
GRI 3	3-3	Management of material topics	87-88, 101	
Material aspect: Human rights evaluation				
GRI 3	3-3	Management of material topics	101	
GRI 410	410-1	Security personnel trained in human rights policies or procedures	The organization neither employs security personnel nor subcontracts security services.	Not applicable
GRI 411	411-1	Cases of violations of the rights of indigenous peoples	The organization's activities are not conducted in regions inhabited by indigenous peoples.	Not applicable
Material aspect: Local communities				
GRI 3	3-3	Management of material topics	80-84	
GRI 413	413-1	Operations with local community participation, impact evaluations and development programs	80-84	
GRI 413	413-2	Operations with significant negative impacts – actual or potential – on local communities	80-84	
GRI 415	415-1	Political contributions	Throughout 2023, the organization did not provide any monetary contributions or in-kind support to any political parties or representatives.	

GRI	N°	Content	Page and/or response	Omission Reason
Material aspect: Social evaluation of suppliers				
GRI 3	3-3	Management of material topics	87-88	
GRI 414	414-1	New suppliers that have passed selection filters according to social criteria	-	Information not available
GRI 414	414-2	Negative social impacts in the supply chain and measures taken	-	Information not available
Material aspect: Health and safety of clients				
GRI 3	3-3	Management of material topics	28-29, 36, 85-86	
GRI 416	416-1	Assessment of health and safety impacts of product or service categories	86	
GRI 416	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	134	
Material aspect: Customer privacy				
GRI 3	3-3	Management of material topics	25-26, 85-86	
GRI 418	418	Substantiated complaints concerning breaches of customer privacy and losses of customer data	134	

Integrated Report

Contents	Aspects	Page
Organisational overview and external environment What does the organisation do and what are the circumstances under which it operates?	Culture, ethics, and values	14
	Ownership and operating structure	12, 94, 127
	Principal activities and markets	11-24, 31, 103-105
	Competitive landscape and market positioning	19-21
	Position within the value chain	28-31
	Key quantitative information	5, 11, 31
	Significant factors affecting the external environment	31
Governance How does the organisation's government structure support its ability to create value in the short, medium, and long term?	Leadership structure, including the skills and diversity	33, 91-94
	Specific processes used to make strategic decisions	92-94
	How the organisation's culture, ethics and values are reflected in its use of the effects on the capitals	6-9, 12-14, 30-36
	The responsibility those charged with governance take for promoting and enabling innovation	92-94
Business model What is the organisation's business model?	Inputs	19-21, 31
	Business activities	19-21
	Outputs	19-21, 31
	Results	19-21, 31

Contents	Aspects	Page
Risks and opportunities What are the specific risks and opportunities that affect the organisation's ability to create value over the short, medium, and long term, and how is the organisation dealing with them?	Key risks and opportunities that are specific to the organisation	95-96
Strategy and resource allocation Where does the organisation want to go and how does it intend to get there?	The organisation's approach to any real risks (whether they be in the short, medium, or long term) that are fundamental to the ongoing ability of the organisation to create value.	95-96
	Strategic plans and objectives	19-21, 32, 34-36, 51-55
Performance To what extent has the organisation achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?	Quantitative information	11
	Effects on capitals	11
	Stakeholder engagement	33
Outlook What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?	The organisation's expectations about the external environment	103-105
Basis of preparation and presentation How does the organisation determine what matters to include in the integrated report and how are such matters quantified or evaluated?	Mechanisms for addressing challenges and opportunities	22-29, 32-36, 94-98
	Materiality	37
	Limits	127
	Frameworks	127

Law 11/2018

Information requested by Law 11/2018	Materiality	Page/Reference	Reporting criteria: GRI 2021 unless otherwise indicated
General information			
Description of the business model that includes its business environment, organization and structure	Material	11-24, 31, 87-88, 103-105	GRI 2-6
Markets in which operates	Material	11-24, 31, 87-88, 94, 103-105	GRI 2-1, GRI 2-6
Organization objectives and strategies	Material	32-36	GRI 2-22
Main factors and trends that may affect its future evolution	Material	32-36	GRI 2-22
Reporting framework used	Material	127	GRI 1
Materiality principle	Material	37	GRI 3-1, GRI 3-2
ENVIRONMENT			
Environmental management			
Management Approach: Policies and Risks	Material	44-45	GRI 3-3
Current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety	Material	45	GRI 3-3
Environmental evaluation or certification procedures	Material	44	GRI 3-3
Resources dedicated to the prevention of environmental risks	Material	44-45	GRI 3-3
Application of the precautionary principle	Material	44-45	GRI 3-3
Amount of provisions and guarantees for environmental risks	Material	While Holaluz's operations exempt it from Law 26/2007 on Environmental Responsibility, Holaluz Clidom, SL, as the parent company of the Holaluz group, maintains civil liability coverage to mitigate potential environmental risks. With coverage of up to 5 million euros, this policy applies across all aspects of its business, addressing sudden and accidental contamination of land, air, and water. Additionally, Katae Energía, SL, specializing in logistics storage and solar panel installations, holds civil liability coverage of 1.2 million euros, specifically designed to address accidental contamination incidents.	GRI 3-3

Information requested by Law 11/2018	Materiality	Page/Reference	Reporting criteria: GRI 2021 unless otherwise indicated
Pollution			
Measures to prevent, reduce or repair emissions that seriously affect the environment; taking into account any form of air pollution specific to an activity, including noise and light pollution	Non-material	Holaluz operates primarily within urban and industrial zones, ensuring compliance with noise level regulations across all its establishments. None of its activities contribute to light pollution, as operations are strictly conducted during daylight hours, minimizing any adverse environmental impacts. Moreover, Holaluz does not engage in processes or operations that result in direct emissions into the atmosphere, effectively mitigating concerns related to atmospheric pollution.	-
Circular economy and waste prevention			
Prevention measures, recycling, reuse, other forms of recovery and waste disposal	Material	44-47, 128	GRI 3-3, GRI 306-2, GRI 306-3 (2020), GRI 306-4 (2020), GRI 306-5 (2020)
Actions to combat food waste	Non-material	Given the nature of the company's operations, food waste remains minimal, and thus, the prevention of food waste has not been identified as a significant concern or material aspect.	-
Sustainable use of resources			
Water consumption and water supply according to local limitations	Material	50	GRI 303-5 (GRI 2018 version)
Consumption of raw materials and measures taken to improve the efficiency of their use	Material	48,129	GRI 301-1, GRI 301-2, GRI 301-3
Direct and indirect energy consumption	Material	49,129	GRI 302-1, GRI 302-3
Measures taken to improve energy efficiency	Material	49	GRI 3-3, GRI 302-4
Use of renewable energy	Material	49	GRI 302-1
Climate change			
The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	Material	51-55	GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4
Measures taken to adapt to the consequences of climate change	Material	51-66	GRI 3-3, GRI 201-2
Reduction goals voluntarily established in the medium and long term to reduce greenhouse gas emissions and the means implemented for this purpose	Material	51-55	GRI 305-5
Biodiversity			
Biodiversity protection: Measures taken to preserve or restore biodiversity	Non-material	Holaluz's operations are strategically located away from protected areas, areas of high biodiversity, or habitats containing protected species. Consequently, the organization does not have a need for habitat preservation or restoration efforts as part of its operations.	
Protection of biodiversity: Impacts caused by activities or operations in protected areas	Non-material		

Information requested by Law 11/2018	Materiality	Page/Reference	Reporting criteria: GRI 2021 unless otherwise indicated
SOCIAL AND PERSONNEL RELATING			
Employment			
Management Approach: Policies and Risks	Material	68-79	GRI 3-3
Total number and distribution of employees based on criteria representative of diversity (sex, age, country, etc.)	Material	68-79, 130-134	GRI 2-7, GRI 405-1
Total number and distribution of employment contract types, annual average of permanent contracts, temporary contracts and part-time contracts by sex, age and professional classification	Material	70-71, 130-131	GRI 2-7
Number of dismissals by sex, age and professional classification	Material	132	GRI 3-3, GRI 401-1
Average salaries and their evolution disaggregated by sex, age and professional classification or equal value	Material	133	GRI 3-3, GRI 405-2
Wage gap, remuneration for equal or average jobs in society	Material	133	GRI 3-3, GRI 405-2
The average remuneration of directors and executives, including variable remuneration, per diems, compensation and payment to long-term savings pension systems and any other perception disaggregated by sex.	Material	133	GRI 3-3, GRI 405-2
Implementation of work disconnection policies	Material	73	GRI 3-3
Employees with disabilities	Material	132	GRI 405-1
Work organization			
Organization of working time	Material	73	GRI 3-3
Number of hours of absenteeism	Material	74	GRI 403-9 (GRI 2018 version)
Measures aimed at facilitating the enjoyment of conciliation and promoting the co-responsible exercise of these by both parents	Material	73	GRI 3-3
Health and security			
Health and safety conditions at work	Material	69, 73-74	GRI 3-3, GRI 403-1 to 403-3, GRI 403-7 (GRI 2018 version)
Work accidents, in particular their frequency and severity, as well as occupational diseases; disaggregated by sex.	Material	74, In 2023, Holaluz recorded no cases of occupational diseases or fatalities resulting from work-related accidents.	GRI 403-9, GRI 403-10, (GRI 2018 version)

Information requested by Law 11/2018	Materiality	Page/Reference	Reporting criteria: GRI 2021 unless otherwise indicated
Social relationships			
Organization of social dialogue, including procedures for informing, consulting and negotiating with staff	Material	72	GRI 3-3
Percentage of employees covered by collective agreement by country	Material	72	GRI 2-30
The balance of collective agreements, particularly in the field of health and safety at work	Material	72	GRI 3-3
Training			
Policies implemented in the field of training	Material	6-70, 75, 79	GRI 3-3, GRI 404-2
The total number of training hours by professional categories	Material	76, 133	GRI 404-1
Universal accessibility			
Universal accessibility for people with disabilities	Material	74	GRI 3-3
Equality			
Measures adopted to promote equal treatment and opportunities between women and men	Material	77-78	GRI 3-3
Equality plans (Chapter III of Organic Law 3/2007, of March 22, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility for people with disabilities	Material	77-78	GRI 3-3
The policy against all types of discrimination and, where appropriate, diversity management	Material	77-78, 101	GRI 3-3
HUMAN RIGHTS			
Management Approach: Policies and Risks	Material	101	GRI 3-3
Application of due diligence procedures in human rights matters; prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair possible abuses committed	Material	87-88, 101	GRI 2-23, GRI 2-26,
Complaints for cases of violation of human rights	Material	101	GRI 3-3, GRI 406-1
Promotion and compliance with the provisions of the fundamental conventions of the International Labor Organization related to respect for freedom of association and the right to collective bargaining; the elimination of discrimination in employment and occupation; the elimination of forced or compulsory labor; the effective abolition of child labor.	Material	87-88, 101	GRI 3-3, GRI 407-1, GRI 408-1,

Information requested by Law 11/2018	Materiality	Page/Reference	Reporting criteria: GRI 2021 unless otherwise indicated
CORRUPTION AND BRIBERY			
Management Approach: Policies and Risks	Material	95-96	GRI 3-3
Measures taken to prevent corruption and bribery	Material	12, 14, 30-36, 97-101, 140	GRI 3-3, GRI 2-23, GRI 2-26, GRI 205-2, GRI 205-3
Measures to combat money laundering	Material	12, 14, 30-36, 97-101, 140	GRI 3-3, GRI 2-23, GRI 2-26,
Contributions to foundations and non-profit entities	Material	103-104, Throughout 2023, the organization did not provide any monetary contributions or in-kind support to any political parties or representatives.	GRI 2-28, GRI 201-1, GRI 415-1
SOCIETY			
Company's commitment to sustainable development			
Management Approach: Policies and Risks	Material	80-84	GRI 3-3
The impact of society's activity on employment and local development	Material	87-88	GRI 3-3, GRI 203-2, GRI 204-1
The impact of the company's activity on local populations and the territory	Material	80-84	GRI 413-1, GRI 413-2,
The relationships maintained with the actors of the local communities and the modalities of dialogue with them	Material	33, 80-84	GRI 2-29, GRI 413-1
Association or sponsorship actions	Material	103-105	GRI 3-3,
Subcontracting and suppliers			
The inclusion of social, gender equality and environmental issues in the purchasing policy	Material	87-88	GRI 3-3
Consideration in relationships with suppliers and subcontractors of their social and environmental responsibility	Material	44-45, 87-88	GRI 2-6, GRI 3-3
Supervision and audit systems and their results	Material	87-88	GRI 2-6, GRI 3-3
Customers			
Measures for the health and safety of customers	Material	28-29, 36, 85-86	GRI 3-3, GRI 416-1
Complaint systems, complaints received and their resolution	Material	134	GRI 3-3,
Tax information			
The benefits obtained per country	Material	134	GRI 3-3, GRI 207-4 (2019 version)
Taxes on profits paid	Material	134	GRI 3-3, GRI 207-4 (2019 version)
Public subsidies received	Material	134	GRI 201-4

Annex IV – Verification of the report

Independent Verification Report of the Consolidated Non-Financial Information Statement for the year ended December 31, 2023

HOLALUZ-CLIDOM, S.A. AND DEPENDENT COMPANIES

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Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

INDEPENDENT VERIFICATION REPORT OF THE CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION

To the shareholders of Holaluz-Clidom, S.A.:

In accordance with article 49 of the Commercial Code, we have carried out the verification, with the scope of limited security, of the attached Consolidated Non-Financial Information Statement (hereinafter EINF) corresponding to the annual year ended December 31, 2023, of Holaluz-Clidom, S.A. and subsidiaries (hereinafter, the Group) that is part of the Group's Consolidated Management Report.

The content of the EINF includes additional information to that required by current commercial regulations on non-financial information that has not been the subject of our verification work. In this sense, our work has been limited exclusively to the verification of the information identified in the annex III "Table of contents - Law 11/2018" included in the attached EINF.

Responsibility of Directors

The formulation of the EINF included in the Group's Consolidated Management Report, as well as its content, is the responsibility of the Directors of Holaluz-Clidom, S.A. The EINF has been prepared in accordance with the contents included in the current commercial regulations and following the criteria of the *Sustainability Reporting Standards* of *the Global Reporting Initiative* (GRI standards) selected, as well as those other criteria described according to what is mentioned for each subject in the annex III "Table of contents - Law 11/2018" of the aforementioned State.

This responsibility also includes the design, implementation and maintenance of such internal control as is deemed necessary to enable the EINF to be free from material misstatement due to fraud or error.

The administrators of Holaluz-Clidom, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the necessary information is obtained for the preparation of the EINF.

Our independence and quality control

We have complied with independence and other ethical requirements of the International Code of Ethics for Accounting Professionals (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our Firm applies International Standard on Quality Management 1 (ISQM 1), which requires us to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team consisted of experts in the review of non-financial information and, specifically, information on economic, social, and environmental performance.

Registered Office: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Registered in the Mercantile Registry of Madrid, volume 9.364 general, 8.130 of section 3 of the Book of Companies, folio 68, sheet nº 87.690-1, 1st inscription. Madrid, March 9, 1.989. A member firm of Ernst & Young Global Limited.

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Our responsibility

It is our responsibility to express our findings in an independent verification report of limited safety based on the work done. We have carried out our work in accordance with the requirements set out in the current Revised International Standard for Assurance Engagements 3000, "Assurance Engagements Other Than Auditing or Historical Financial Information Review" (NIEA 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Action Guidance on State Assurance Assignments Non-Financial Information issued by the Institute of Chartered Accountants of Spain.

In limited safety work the procedures carried out vary in their nature and time of performance, and are of a lesser extent, than those carried out in reasonable safety work and, therefore, the safety obtained is substantially lower.

Our work has consisted of the formulation of questions to the Management, as well as to the various units of the Group that have participated in the elaboration of the EINF, in the review of the processes to collect and validate the information presented in the EINF and in the application of certain analytical procedures and sample review tests described below:

- Meetings with Group staff to learn about the business model, policies and management approaches applied, the main risks related to these issues and obtain the necessary information for the external review.
- Analysis of the scope, relevance and integrity of the contents included in the EINF for the year 2023 based on the materiality analysis carried out by the Group and described in section "Materiality analysis", considering contents required in the commercial regulations in force.
- Analysis of the processes to collect and validate the data presented in the EINF of the financial year 2023.
- Review of the information related to the risks, policies and management approaches applied in relation to the material aspects presented in the EINF of the financial year 2023.
- Verification, through tests, based on the selection of a sample, of the information related to the contents included in the EINF of the financial year 2023 and its adequate compilation from the data provided by the sources of information.
- Obtaining a letter of representations from the Administrators and the Management.

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Paragraph of emphasis

Pursuant to Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and pursuant to the Delegated Acts enacted in accordance with the provisions of that Regulation, undertakings shall disclose information on how and to what extent the undertaking's activities are associated with eligible economic activities in relation to the following environmental objectives: the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems (other environmental objectives). For certain new activities included in the climate change mitigation and adaptation objectives, undertakings shall disclose for the first time for the year 2023 additional information on eligible and aligned activities that was already required in 2022 in relation to the climate change mitigation and adaptation objectives. As a result, no comparative information on eligibility has been included in the accompanying NFS in relation to other environmental objectives listed above or to the new activities included in the climate change mitigation and adaptation objectives. Additionally, to the extent that the information relating to 2022 was not required with the same level of detail as in 2023, the information disclosed in the accompanying NFS is not strictly comparable, either. Furthermore, it should be noted that ABC's directors have included information on the criteria that, in their opinion, allow for better compliance with the aforementioned obligations. These criteria are defined in annex II "Taxonomy" of the accompanying NFS. Our conclusion is not modified in respect of this matter.

Conclusion

Based on the procedures carried out in our verification and the evidence we have obtained, no aspect has been revealed that would lead us to believe that the Group's EINF for the year ended December 31, 2023 has not been prepared, in all its material aspects, in accordance with the contents set out in current commercial regulations and following the criteria of the selected GRI standards, as well as those other criteria described according to what is mentioned for each subject in the annex III "Table of contents - Law 11/2018" of the aforementioned State.

Use and distribution

This report has been prepared in response to the requirement established in the commercial regulations in force in Spain, so it may not be suitable for other purposes and jurisdictions.

ERNST & YOUNG, S.L.
(Signature on the original in Spanish)

_____
Antonio Capella Elizalde

May 3, 2024

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holaluz

Contact: investors@holaluz.com

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