TO BME GROWTH

Barcelona, October 31, 2023

In accordance with the provisions of article 227 of the consolidated text of the Law on Market Securities and Investment Services, approved by Royal Legislative Decree 6/2023, of 17 March, and its concordant provisions, as well as Circular 3/2020 of the BME Growth segment of BME MTF Equity, Holaluz-Clidom, S.A ("Holaluz" or the "Company") hereby informs you of the following information:

OTHER RELEVANT INFORMATION

We are publishing today our semi-annual consolidated accounts for the half-year to June 2023.

In compliance with the provisions of BME MTF Equity Circular 3/2020, it is hereby expressly stated that the information provided has been prepared under the sole responsibility of the Company and its directors.

Carlota Pi Amorós
CEO and co-founder
HOLALUZ-CLIDOM, S.A.

Consolidated interim results report as of 30 June 2023

- **Holaluz closed the first half of 2023 with consolidated turnover of €323.5M (vs €562.6M in H122).**
    - **A very complex market situation in Q123 significantly impacted our performance as the largest energy crisis expected in Europe did not occur because last winter was very warm. As a result, electricity prices decreased sharply (vs skyrocketing prices experienced in H122) and customer consumption reached minimum historical levels (affecting both electricity and route-to-market revenue figures); along with the gas decommissioning impact (€-30M in revenue vs H122).**
    - **Solar revenue has increased by €3.5M€ (+35% vs H122). Solar business is consolidated at 280+ monthly sales and expects to close the year with a comparable number of installations vs 2022 in a very complex 2023 where the market for residential Solar installations in Spain is decreasing between 25 - 50% given the decrease in electricity prices relative to 2022 and the high interest rates environment.**

- **Consolidated gross profit for the first half of 2023 was €26.9M (vs €50.7M H122; or €35.9M excluding the €14.8M coming from the Gas business, decommissioned in Q4'22), reaching 17.1% of gross margin (excl. RtM sales).**
    - **During Q1'23 energy demand in Europe decreased by 30% vs expected as a result of a warm winter with historical high temperatures. As demand shrank, so did the market price during Q1. By that time, the non-consumed energy from our customers was hedged at a higher price than the market (as it was hedged before market prices diminished). Thus, COGS for Q1 were higher than expected. Furthermore, in Q1 there was a one-off loss impact of the sale of gas amounting €-4.6M€. The migration of the 70% of our customer portfolio to the flat fee Tarifa Justa (from March to May 2023), allowed us to protect the gross profit, achieving healthy and sustainable levels >Q223. Consequently, the Energy Management H123 Gross Profit amounted to €21.0M (14.9% gross margin).**

- Solar Gross Profit is increasing quarter on quarter due to an increase in average installation size, flexible assets penetration and COGS optimization initiatives, reaching a gross margin of 43.7% (vs 34% in H122).

- As of 30 June 2023, Holaluz had more than c325,000 contracts, compared to c300,000 at year-end 2022 (not including the 70,000 customers from the gas business, decommissioned in Q4'22). Of these c325,000 contracts, 12,563 were from solar management, an increase of 10% in the six months period (YE22: 11,384). As of 30 September, the number of solar management contracts increased to 13,803 contracts, bringing the increase to 21% in the nine-month period. The total number of contracts stood at c325,000. The migration to Tarifa Justa flat electricity rate product announced in our April FY22 results presentation has helped Holaluz achieve record per customer unit economics, thanks to its benefits in reduced cost to serve, churn and improved NPS.

- Representation revenues decreased by €101.4M in the first six months of 2023 to €166.7M in H123, due to the low prices environment in 2023.

- Solar installation revenues increased by €3.5M to reach €13.6 million (€10.1M in H122) in the first six months of 2023, rising to €7.5 million for Q3 2023 alone. In the first half of this year, we sold 1,835 solar installations (1,264 in the same period of 2022). In the third quarter, the number of solar installations sold was 748. Our installation time remains industry leading at 37.5 days between sale and installation. At the same time, the company is adapting operating costs to a monthly rate of 280+ installations.

- Normalized EBITDA reached €-5.4M€: €-12.4M for Solar business and €7.0M for the Energy Management business. Holaluz has undertaken a very strong focus on operational excellence implementing decisive measures to improve gross margin while reducing operating costs. The preliminary Normalized EBITDA for Q323 is €+5.9M, thus, reaching the break-even point in cumulative Normalized EBITDA by September. Such positive evolution confirms the expectation to meet its 2023 low-end guidance published in April 2023.

Key figures of H1 2023 income statement & Forecast 2023

Analysis of variations of the main items of the income statement and the balance sheet. The audited figures, following the ordinary process of an intermediate review of the financial statements, for comparison purposes, confront the consolidated report dated 30 June 2023 with the consolidated balance sheet at 31 December 2022. The notes related to the consolidated income statement of 30 June 2023, are compared with the same period of the previous fiscal year (H122) (compulsory by law). However, due to the market environment experiencing significant changes in the last two years, we have considered, for a better understanding of the business evolution in 2023, to add Q3-2023 figures and show evidence of the positive effect and trend of the efficiency measures undertaken throughout 2023. Please note Q3-2023 figures are non-audited.

Income Statement

€m	H1-2023	Q3- 2023	H1-2022
Revenues[1][2]	**156.8**	**65.4**	**294.5**
COGS[3]	-129.9	-46.5	-243.8
Gross profit	**26.9**	**20.4**	**50.7**
Direct Costs	-21.8	-9.0	-18.1
Marketing Brand & CAC	-11.3	-3.3	-11.3
Contribution Margin	**-6.2**	**8.1**	**-21.3**
Overheads	-11.4	-5.4	-11.1
EBITDA (Stat. Accounts)	**-17.9**	**2.7**	**10.2**
D&A &Other Results	-4.9	-2.6	-2.7
EBIT	**-22.8**	**-0.1**	**7.5**
Financial Result	-1.9	-1.2	-0.6
EBT	**-24.7**	**-1.1**	**6.8**
Income Tax	3.8	0.3	-1.4
Net Result	**-20.9**	**-0.8**	**5.5**

[1] Revenues do not include RtM sales (100% proportional to market price evolution): €166.7M in H123; €268.2M in H122

[2] Solar Revenues include €0.2M from Rooftop Revolution income for H1'23, €0.1M for Q3'23 and €0.1M for H1'22 (loan interests)

[3] Statutory accounts do not include in COGS the Direct Personnel Costs from installers (€2.6M in H123; €1.2M in Q323, €1.4M in H122)

Normalized EBITDA[4,5]	**-5.4**	**5.9**	**19.0**

NOTE: HL is fully hedged to ensure gross margin and thus, the company's profitability through ordinary derivatives, PPA's and OTC's. The hedging covers the next 12 months.

Holaluz closed the first half of 2023 with **consolidated sales** of €323.5M (€562.6M in H122). Given that Route-to-Market Sales are 100% proportional to market price evolution, it is better to express the turnover without considering this figure, as it might misrepresent the KPI's related to sales. Thus, **H123 turnover amounted €156.8M€**, 47% lower than H122 as a result of i) **low consumption levels** due to a warm winter, ii) **low prices environment in Q12023,** and iii) **the impact of the decommissioning of gas** (€32M turnover in H122). It must be noted that **Tarifa Justa migration started by the end of Q1** and finished in May. Such change in the portfolio of products minimizes the revenue seasonality effects, only left to indexed products (for both price and consumption), flattening the revenue line along the year (and also cash flows from billings). **Solar sales increased by 35% reaching €13.6M** in June 23 (€10.1M in H122) due to an **ASP increase and a higher number of installations sold**. Route-to-market revenue also experienced the low prices environment, reaching €166.7M in H123 (vs €268.2M in H122). Without RtM, it is expected to close 2023 as approximately twice the H123 turnover.

In terms of **gross profit** H123 reached €26.9M (17,1% of revenue). For energy management, gross profit was €21.0M, lower than 2022 because of the gas decommissioning (H122 gross profit excluding gas amounted €32.5M, and H123

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[4] Normalized EBITDA is calculated by reclassifying CAC costs from Operating Expenses to Depreciation, in order to keep EBITDA figures aligned with previous years: €7.9M H123; €14.5M inFY22; €8.9M€ in H122.

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 recognizing, 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 Accruals 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.

[5] Extraordinarily for year 2023, the Normalized EBITDA does not include the one-off €4.6M loss related to the gas not consumed in winter due to the Gas decommissioning in Q422. This gas was sold in 2023 at a lower price vs its acquisition price.

includes the€-4.6M one-off effect associated to the sale of the remaining gas portfolio), and lower consumption levels associated to a very warm winter. However, H123 gross profit is higher than H121, where Holaluz reached €15.8M (excluding gas). The **Tarifa Justa migration**, completed in May, **substantially improved energy management gross profit**, as observed in Q3. The expected gross profit for FY23 is €51.5M (19.5% of gross margin, strong recovery >Q2).

From the **solar business side**, with a €6.0M of gross profit (vs €3.4M inH122), the improvements come basically from a higher ASP due to sales of larger installations and flexible assets, apart from COGS improvements through **procurement optimization and lower costs of internal installations**.

On a consolidated level, **gross profit is expected to reach €63.4M** by year end (21.6% gross margin).

In terms of **personnel costs**, at Jun23 the staff for all companies amounted to 739 employees (752 at Dec'22). Staff expenses for the period H123 reached €20M, €13.7M for EM and €6.3M for Solar. It is worth mentioning that a **20% y/y reduction in direct personnel costs** has been implemented as back-office teams activities (e.g. invoicing) are drastically simplified under Tarifa Justa.

Other operating expenses reached €30.2M (€32.6M in H122).[6] The €2.4M reduction from the previous year basically comes from a **57% reduction y/y in external call centers** (as customers pay fixed monthly rates and thus they do not need to contact Holaluz).

A very **strong focus on operational excellence** will help Holaluz achieve a ratio of 10.7% of operating costs as a % of sales by year end (12.9% in H1-23) and **decisive**

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[6] This figure includes for all periods the accrual/deferral of the customer acquisition costs (CAC). Until t December 2020, this accrual/deferral was registered as an intangible asset with its corresponding depreciation in the P&L. However, the Resolution of 10th February 2021 of the ICAC (Instituto de Contabilidad y Auditoría de Cuentas), which dictates standards for the recording, valuation and preparation of annual accounts for the recognition of income from the delivery of goods and the provision of services, establishes that the incremental costs of acquiring a contract must be accounted for as Short/Long-term Accruals of assets in the Balance Sheet and must be allocated to the Income Statement in Other Operating Expenses. Consequently, from 2021 acquisition costs are no longer amortized, and the annual accrued cost is reported in the P&L account within the Advertising and Publicity costs (included in Other Operating Expenses). The rest of the CAC is accrued on the Balance Sheet. H1 2023 figures include €7.9M accrued costs (previously registered as D&A), aligned with a 4 year LTV (€8.9M€ for H122).

measures in gross profit will convert H123 losses (€-5.3M€ Norm. EBITDA) in a **positive Normalized EBITDA amounting by year end**. With such measures already implemented, Holaluz is achieving **record high per customer profitability on both solar and energy management**. That has led to generation of **€9.5M positive free cash-flow in the period May-September,** which is evidenced in the Q323 consolidated P&L, showing a **€5.8M of Norm. EBITDA** and, thus, reaching the **break-even point in cumulative Normalized EBITDA YTD23 (9m)[7]. Cost reductions and efficiencies are being implemented in all cost lines** (COGS, direct costs, marketing, CAC, overheads), with a **direct impact on the Company's profitability.**

In **solar business**, we are stabilized at average **280+ monthly sales, increasing the market** share while achieving **sustained gross margin growth**, mainly linked to **sales to larger installations, penetration of flexible assets** like batteries as well as COGS optimization initiatives, both in supply chain and in our installation workforce. In **energy management**, the **migration to the Tarifa Justa** flat electricity rate product announced in our April FY22 results presentation has helped Holaluz achieve **record per customer unit economics**, thanks to its benefits in reduced cost to serve, churn and improved NPS.

Such **positive evolution** confirms the expectation to meet its 2023 low-end guidance published in April 2023.

Balance Sheet

Holaluz uses PPAs to buy a portion of the energy that it sells to its customers. Currently, the Parent Company and the Portuguese subsidiary Clidomer have signed 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 of time ranging between 1 and 10 years. These contracts, due to their nature (physical energy delivery), are not considered hedging derivative contracts by the PGC (Plan General Contable). Consequently, they cannot be reflected in the balance sheet (their MtM; mark-to-market). However, the Directors (and with the consent from our external auditors) consider that they must be considered in order to analyze the perspective and understand the Company's financial hedging position as a whole.

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[7] Preliminary P&L.

The fair value of the MtM of such contracts amounts to €17.7M in Jun23 (€93.9M in Dec22), of which €15.7M are expected to materialize during the next 12 months (until Jun24) and the rest, €2.0M, from Jul24 onwards.

Therefore, in order to visualize the flows, assets and obligations for the next fiscal year, the administrators have chosen to present, below, the consolidated balance sheet that would result from the emergence of said MtM coming from these PPAs as well as the potential tax effect that this would have at 31 December 2022 and 30 June 2023 (**normalized Balance Sheet**).

Assets

€m	(normalized)		(s/Stat Accounts)	
	30.06.23	31.12.22	30.06.23	31.12.22
CURRENT ASSETS	**149,0**	**246,3**	**133,4**	**192,9**
Stock	6,0	14,0	6,0	14,0
Debtors	82,9	121,8	82,9	121,8
Short term financial investments	38,5	86,6	22,9	33,2
Short term periodifications	15,5	13,6	15,5	13,6
Cash at banks	6,1	10,3	6,1	10,3
NON-CURRENT ASSETS	**81,5**	**124,2**	**79,4**	**84,6**
Intangible assets	33,7	31,7	33,7	31,7
Tangible assets	2,1	2,1	2,1	2,1
Long term financial investments	11,7	52,6	9,6	13,0
Deferred taxes	20,1	19,5	20,1	19,5
Long term periodifications	13,9	18,4	13,9	18,4
TOTAL ASSETS	**230,4**	**370,5**	**212,8**	**277,5**

According to the regulations of the Spanish General Accounting Plan (Plan General Contable, PGC) at the end of the first half of 2023, the **consolidated balance sheet is €212.8 million** (€277.5M in Dec22). This €64.8M reduction comes basically by (i) a **€5.2M decrease in non current assets**, which are primary driven by a €2.0M increase in intangible assets and reductions in longer term financial investments (derivatives) and long term accruals (lower CAC investment for both Solar and EM businesses); ii) a **€59.6M reduction in current assets**.

The increase in **intangible fixed assets** recorded up to 30 June 2023 includes the capitalization of the work carried out by the company for its assets for the amount of €4.5M in Jun23, corresponding to CAPEX investments related to scaling up the solar business and automatizing the energy management business with new software tools and developments.

For the preparation of the consolidated balance sheet, the resolution of the ICAC of 10 February 2021 has been taken into account, according to which the incremental costs of acquiring a contract must be accounted for as short/long-term deferred expenses in the balance sheet, while the allocation to the income statement must be recorded in other operating expenses. This criterion has been applied in Holaluz since 1 January 2021, modifying the comparative figures of both the balance sheet and the income statement of previous years. As of Jun23, a total of €24.3M has been activated under **long and short-term deferred accruals** as incremental customer acquisition costs.

As of Jun23, **long-term financial investments** amounted to €9.6M. They mainly include the accounting of **derivatives** of long-term electricity purchase coverage (€1.7M), as well as €7.0M of **Rooftop loans** (photovoltaic facility loans) to be returned in fixed installments in the next 15 years and which are collected from the customer along with the electricity bill. These loans were undertaken as a proof of concept for raising an SPV and Holaluz does not at present intend to provide such additional loans without raising an SPV. Since mid 2022, no more Rooftop Loans have been added to the current portfolio of loans, which in Jun23 amount up to €7M.

Deferred taxes include tax credit coming from previous years losses (€14.2M), R&D deductions to the Income Tax pending to apply (€4.6M) and €4.3M derivatives MtM (25%).

As of Jun23, **current assets** according to the General Accounting Plan amount to €133.4M (€192.9M in Dec22), of which €21.7M are derivatives (€30.4M in Dec22). The significant decrease is explained by i) a €8.0M **stock reduction** (gas sale and solar stock optimization); ii) a €38.8M **decrease in debtor balances** (fixed monthly fee **Tarifa Justa** migration >Q223 mitigated the consumption fluctuations along the year coming from seasonality); and iii) a €10.3M diminution in **short-term financial**

investments (derivatives). Note that because of the various changes in legislation since Jun21, the VAT on invoices issued went from 21% to 10% (Jun21) and then to 5% (Jun22) for electricity and from 21% to 5% (Sep22) for domestic customers, while suppliers have continued to bill at 21%. This has generated a VAT receivable balance of €19.1M in Jun23 (€18.6M in Dec22).

At the **treasury** level, during the first half of 2023, the cash position decreased from €10.3M at the end of 2022 to €6.1M in Jun23. The evolution of the **net debt position** is as follows:

€m	30.6.2023	31.12.2022
Cash at banks	-6.10	-10.3
Long-term liabilities with financial entities	17.7	23.4
Short-term liabilities with financial entities	62.3	49.2
Net Debt	**73.9**	**62.3**
Rooftop Loans[8]	-7.0	-7.5
Adjusted Net Debt	**66.9**	**54.8**

In Jun23, **adjusted net debt** amounted to €66.9Ms, €12.2M higher than in Dec22. This increase is due to the **investment** being made by the parent company, Holaluz-Clidom, SA, **to fund the solar business** and **foster its scalability** in order to create long-term value in both businesses, energy management and solar, that feed back into each other in terms of profit generation. The increase in short-term liabilities is primarily driven by the increase of the Pagarés issued in June23 €26.5M (€6.5M in Dec22), all of them properly returned at their due date (2 month average period). Thanks to this financing, there is lower disposal of credit facilities (overdrafts and confirmings).

[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 pending amount of the loans (capital) 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.

Liabilities

€m	(normalized)		(s/Stat Accounts)	
	30.06.23	31.12.22	30.06.23	31.12.22
CURRENT LIABILITIES	**172,8**	**221,8**	**172,8**	**221,8**
Short term debts	71,1	77,6	71,1	77,6
Accounts Payable	101,7	144,0	101,7	144,0
Short term periodifications	0,0	0,3	0,0	0,3
NON CURRENT LIABILITIES	**35,4**	**59,3**	**31,0**	**36,0**
Long term debts	31,0	36,0	31,0	36,0
Deferred taxes	4,4	23,2	0,0	0,0
TOTAL ASSETS - LIABILITIES	**22,3**	**89,4**	**9,0**	**19,7**
NET EQUITY	**22,3**	**89,4**	**9,0**	**19,7**
Share Capital & Reserves	**21,8**	**42,8**	**21,8**	**42,8**
Adjustments for changes in value	**0,5**	**46,6**	**-12,8**	**-23,2**

Shareholders' equity decreased by €21.0M in the first half of 2023, reaching €21.8M in Jun23, explained by the consolidated losses accumulated at the same date. As previously explained, a **significant improvement is expected in both businesses** (and already in place as it can bee seen in the preliminary Q323 consolidated P&L in previous table), energy management and solar, for the second half of 2023, allowing a recuperation **turning the Normalized EBITDA to a positive figure**.

Equity includes the **valuation adjustments** heading from the recording of derivatives for the amount of €-12.7M in Jun23 (€-23.2M in Dec22); data in accordance with Spanish GAAP. This amount corresponds to 75% of the difference between the spot price at closing date and the price at which hedging transactions were entered into (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 PPA's should be included, which gives rise to equity of €22.3M in Jun23 (€89.4M in Dec22)[9].

Non-current liabilities in accordance with Spanish GAAP amount to €31.0M (€36.0M in Dec22). The variation is driven by a €5.6M reduction in **long term debts** due to a **lower disposal of ICO overdrafts** (long term credit facilities signed with bank entities in COVID times with very convenient conditions), which has been substituted by the Pagarés financing (see more comments below).

Deferred taxes in the Normalized BS include the 25% of the net MtM for all open deals in Jun23 and Dec22, including derivatives, OTC (over the counter) and PPA's (physical and financial).

Current liabilities in accordance with Spanish GAAP have decreased in all headings, amounting €172.8M (€221.8M in Dec22). **Short term debts** decrease by €5.1M, which is explained by a €19.7M€ in short term derivatives and a €13.1M€ increase in short term debts (Pagarés, see note below). **Accounts payable** have also decreased by €42.3M due to a €38.1M€ reduction in other creditors.

Working capital

During the first half of 2023 both **accounts receivable and inventories**, and **accounts payable experienced a significant reduction in their balances**, leaving a negative working capital of €12.8M€ (-8.2M€ in Dec22). **Gas** not consumed in winter 2022-23 by previous gas customers (the gas business was decommissioned during Q422) was sold (keeping a mandatory minimum amount in stock as stated by the regulator of €1.3M€). Additionally, there has been an optimisation of the **solar stock** (panels, EV chargers, batteries, etc.).

From the **accounts receivables** side, the migration from Sin Sorpresas and Clásico products to **Tarifa Justa**, a fixed fee charged to the client independently of the consumption (with some exceptionalities that avoid negative gross profits on a yearly basis), has flattened the monthly billings, leaving the seasonality effects only to the indexed products (in both, price and consumption).

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[9] The **normalized balance sheet** is obtained from adding the MtM of physical PPAs at 6.30.23, €17.7M, to the audited trial balance, in accordance with financial management reports of the Company (€92.9M in Dec22).

Accounts payable have also experienced a €42.3M€, which have not been sufficient to keep the working capital at Dec22's level.

€m	6.30.23	12.31.22
Working capital	**-12.8**	**-8.2**
Accounts receivable + inventories	88.9	135.7
Accounts payable	101.7	144.0

Green Promissory Note Program

On November 21, 2022 BME's Fixed-Income Market (MARF) registered the first Green Promissory Note Program of Holaluz-Clidom, SA amounting to €100M. Through this program, the Company achieved flexible access to qualified investors for the next twelve months, within a strategy to diversify its funding sources. Holaluz structured the promissory notes issued under these Green Promissory Note Program so that they are considered a green instrument in accordance with the **Holaluz Green Finance Framework**, whereby the company can issue notes and promissory notes in accordance with the **Green Bond Principles 2021** and take out financing agreements in accordance with the **Green Loan Principles 2021** of the International Capital Markets Association (ICMA). To that end, Holaluz obtained a **favorable opinion from Sustainalytics**, confirming that the Holaluz Green Finance Framework is aligned with the four core ideas integrating both Principles. This program has been formally renewed the 24th of October of 2023, for a 12 month period and for the same amount €100M.

In Jun23 the Company's financial statements include a financing facility for promissory notes issued on MARF amounting to €26.7M million euros, which have been fully returned according to their due date.

Cash Flows

€m	30.06.23	30.06.22
CASH FLOW FROM OPERATIONS	**-3,3**	**-5,2**
Earnings Before Taxes	-24,7	6,9
Adjustments to net result	29,5	8,3
Changes in current assets	-6,4	-19,7
Other cash flow from operations	-1,9	-0,7
CASH FLOW FROM INVESTMENTS	**-8,6**	**-9,1**
Payments from investments (-)	-10,2	-10,9
Cash in from desinvestments (+)	1,6	1,8
CASH FLOW FROM FINANCING	**7,7**	**16,7**
Proceeds from net equity	0,00	0,0
Proceeds from issuing debt	7,7	16,7
NET INCREASE IN CASH DURING THE YEAR	**-4,2**	**2,4**
Cash at the beginning of the year	10,3	9,9
Cash at the end of the year	6,1	12,3

During the first half of 2023 **operating cash flow** amounted to €-3.3M (€-5.22 in H122). The €29.5M **adjustments to the net result** (which include €10.4M of non-cash hedging costs) have not offset the negative consolidated result before taxes and other changes in current assets. **Cash flow from investments** show a similar figure vs same period of 2022 (€-8.6M in Jun23 vs €-9.1M in Jun22), with a slight decrease in CAPEX (tangible assets particularly) vs last year. Additionally, the company's debt has increased by €7.7M to finance **rises in working capital and investment requirements**.

About Holaluz

Holaluz is an energy transition company that was born with the conviction of being a tool for global change and the purpose of achieving a world that moves 100% thanks to green energy.

The current climate emergency requires adopting urgent and sustainable long-term solutions. Holaluz proposes a structural change: transform the current energy generation model - centralized and non-renewable - towards a new model with more weight of distributed generation and 100% green.

From the unique combination of two businesses -connecting people to green energy and transforming every m2 of roof into green energy production- and with the vision of creating the largest green energy community in Europe deploying the full potential of electrification of energy demand with the development of distributed solar energy and storage, Holaluz is creating a flywheel that connects with nearby communities that collect the green surplus from their solar installations. All this increases the positive impact of the company while democratizing access to clean energy and zero kilometer by taking advantage of the use of the proximity network.

A sustainable, cheaper way for everyone to cover the growing electrification of demand.

Holaluz's purpose is focused on the planet and people. The people in the team can develop comprehensively, with flexibility, autonomy and parity at all decision levels. All of this, added to a genuine impact business model and ESG DNA, have made Holaluz the first European utility to receive B Corp certification, (a seal that gives visibility to companies that innovate to maximize their positive impact on employees, in the communities where they serve and in the environment).

In January 2023, Sustainalytics placed Holaluz as number 1 in the Sustainalytics global ESG risk ranking in the subcategory of Independent Power Production and Traders and in July 2023 was awarded with the Ecovadis Gold Medal for its performance in sustainability.

Holaluz is leading the energy transition in Spain as a top player in the solar segment. The company has managed to avoid 2.3 MT - CO2 since 2010 and has more than 12,000 rooftops have joined this change of model. A growing movement of energy and social transformation known as The Rooftop Revolution.

Barcelona, 31 October 2023

Report on Limited Review

Holaluz-Clidom, S.A. and Subsidiaries

Interim Consolidated Financial Statements
for the six-month period ended
June 30, 2023

REPORT ON LIMITED REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

To the shareholders of Holaluz-Clidom, S.A., at the request of Management:

Introduction

We have carried out a limited review of the accompanying interim consolidated financial statements of Holaluz-Clidom, S.A., which comprise the consolidated balance sheet at June 30, 2023, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the explanatory notes thereto for the six-month period then ended. The directors are responsible for the preparation of the Company's interim consolidated financial statements in accordance with the regulatory framework for financial information applicable to the entity in Spain (which is identified in note 2 to the accompanying explanatory notes), and for such internal control as they determine is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our limited review.

Scope of the review

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

Conclusion

As a result of our limited review, which under no circumstances should be considered an audit of financial statements, no matter came to our attention that would lead us to conclude that the accompanying interim consolidated financial statements do not express, in all material respects, a true and fair view of the financial position of Holaluz-Clidom, S.A. at June 30, 2023, as well as its results and cash flow for the six-month period then ended, in conformity with the applicable regulatory framework for financial information and, in particular, the accounting principles and criteria established therein.

Paragraph on other issues

This report has been prepared at the request of the Board of Directors of Holaluz-Clidom, S.A. with regard to the publication of the half-year financial report required by Circular 3/2020 de Bolsas y Mercados Españoles, Sistemas de Negociación, S.A. (BME Growth) on "Information to be provided by companies admitted to trading on the BME Growth segment of BME MTF Equity".

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

Alfredo Eguiagaray

October 30, 2023

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Interim Consolidated Financial Statements and Explanatory Notes at June 30, 2023

(*Translation of interim consolidated financial statements and explanatory notes thereto originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)*

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ASSETS	*Notes*	*06.30.2023*	*12.31.2022*
NON-CURRENT ASSETS			
Intangible assets-	5	**33,716,660**	**31,692,643**
Patents		4,014	4,111
Software		266,490	305,373
Development costs		26,905,006	24,987,198
Other intangible assets		541,151	389,392
Intangible assets in progress		6,000,000	6,006,569
Property, plant, and equipment-	6	**2,096,529**	**2,102,349**
Land and buildings		513,267	549,854
Technical installations and other PP&E items		1,583,262	1,552,495
Financial investments-	8	**9,617,535**	**12,967,908**
Loans to third parties		7,026,928	7,409,411
Derivatives	16	1,769,915	4,742,047
Other financial assets		820,692	816,450
Deferred tax assets	18	**20,074,445**	**19,478,135**
Accruals	8	**13,906,932**	**18,376,562**
Total non-current assets		**79,412,102**	**84,617,596**
CURRENT ASSETS			
Inventories-	10	**5,953,091**	**13,991,979**
Commercial inventories		5,891,222	12,809,909
Prepayments to suppliers		61,868	1,182,070
Trade and other receivables-	9	**82,913,031**	**121,756,594**
Trade receivables for sales and services	17	42,913,970	57,705,724
Other receivables		20,790,545	45,262,640
Receivable from employees		58,958	63,830
Current income tax assets	18	16,529	40,316
Other receivables from Public Administrations	18	19,133,029	18,684,084
Financial investments-		**22,891,444**	**33,210,413**
Loans to companies		4,522	4,522
Derivatives	9, 16	21,691,495	30,388,848
Other financial assets	8	1,195,427	2,817,043
Accruals	8	**15,502,084**	**13,628,822**
Cash and cash equivalents-	12	**6,098,152**	**10,339,505**
Cash		6,098,152	10,339,505
Total current assets		**133,357,800**	**192,927,313**
TOTAL ASSETS		**212,769,902**	**277,544,909**

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated balance sheet at June 30, 2023 and December 31, 2022. Consolidated income statement at June 30, 2023 and June 30, 2022

EQUITY AND LIABILITIES	*Notes*	*06.30.2023*	*12.31.2022*
EQUITY			
CAPITAL AND RESERVES-	13	**21,813,478**	**42,819,774**
Share capital-		**656,662**	**656,662**
Issued capital		656,662	656,662
Share premium		**61,772,144**	**61,772,144**
Reserves		**(19,379,186)**	**(14,165,475)**
Legal and statutory reserves		123,477	123,477
Other reserves		(19,502,663)	(14,288,952)
Treasury shares		**(333,287)**	**(300,217)**
Profit/(loss) for the year		**(20,902,855)**	**(5,121,521)**
Valuation adjustments		**(12,781,721)**	**(23,169,700)**
Hedging transactions	16	(12,781,721)	(23,169,700)
Total Equity		**9,031,757**	**19,671,894**
NON-CURRENT LIABILITIES			
Payables-		**30,984,411**	**36,049,393**
Bank borrowings	14	17,671,255	23,336,122
Finance leases	14	53,381	56,317
Derivatives	16	13,258,446	12,655,624
Other financial liabilities	14	1,330	1,330
Total non-current liabilities		**30,984,411**	**36,049,393**
CURRENT LIABILITIES			
Payables-		**71,064,991**	**77,568,647**
Bank borrowings	14	35,609,004	40,741,768
Finance leases	14	28,456	28,456
Derivatives	16	8,749,713	28,379,871
Other financial liabilities	14	26,677,817	8,418,552
Trade and other payables-		**101,651,819**	**143,985,376**
Suppliers	15	70,727,220	72,226,017
Other payables	15	20,475,548	58,480,678
Employee benefits payable	15	657,264	1,114,321
Current income tax liabilities		704,408	415,816
Other payables to Public Administrations	15, 18	4,070,161	1,652,750
Customer advances	15	5,017,218	10,095,794
Accruals		**36,924**	**269,600**
Total current liabilities		**172,753,733**	**221,823,623**
TOTAL EQUITY AND LIABILITIES		**212,769,902**	**277,544,909**

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HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated balance sheet at June 30, 2023 and December 31, 2022. Consolidated income statement at June 30, 2023 and June 30, 2022

	Notes	06.30.2023	06.30.2022
CONTINUING OPERATIONS			
Revenue-	**19.a**	**323,536,360**	**562,603,665**
Sales		308,662,212	552,257,086
Rendering of services		14,874,148	10,346,579
Changes in inventory of finished goods and work in progress		**(382,020)**	**2,833,955**
Work performed by the entity and capitalized	**5.1**	**4,520,730**	**3,097,520**
Cost of sales-	**19.b**	**(296,203,396)**	**(514,748,037)**
Consumption of goods		(294,042,418)	(513,113,996)
Work performed by third parties		(2,160,977)	(1,634,041)
Other operating income-		**854,036**	**1,318,941**
Ancillary income		854,036	1,318,941
Employee benefits expense-	**19.c**	**(20,004,699)**	**(12,258,082)**
Wages, salaries et al.		(14,941,955)	(9,523,428)
Social security costs et al.		(5,062,744)	(2,734,654)
Other operating expenses-		**(30,199,272)**	**(32,610,077)**
External services	**19.d**	(24,886,321)	(27,537,255)
Taxes		(45,398)	(178,678)
Losses on, impairment of and change in trade provisions	**9**	(5,267,554)	(4,894,147)
Depreciation and amortization	**5,6,19.e**	**(4,366,731)**	**(2,722,832)**
Other gains and losses	**19.f**	**(512,948)**	**11,293**
Non-recurring income and expenses		(512,948)	11,293
OPERATING PROFIT/(LOSS)		**(22,757,940)**	**7,526,346**
Finance income-		**27,205**	**(24)**
From marketable securities and other financial instruments		27,205	(24)
Finance costs-		**(1,972,403)**	**(660,424)**
Third-party borrowings	**19.g**	(1,972,403)	(660,424)
Exchange gains (losses)		**29,966**	**(551)**
FINANCE COST		**(1,915,232)**	**(660,999)**
PROFIT/(LOSS) BEFORE TAX		**(24,673,172)**	**6,865,347**
Income tax	**18**	3,770,318	(1,356,349)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**(20,902,855)**	**5,508,998)**
PROFIT/(LOSS) FOR THE YEAR		**(20,902,855)**	**5,508,998**

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated statement of changes in equity at June 30, 2023

	06.30.2023	06.30.2022
PROFIT/(LOSS) FOR THE YEAR	**(20,902,855)**	**5,508,998**
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY		
From cash flow hedges	**37,024,233**	**7,387,098**
Tax effect	**(9,256,058)**	**(1,846,774)**
TOTAL INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY	**27,768,175**	**5,540,324**
AMOUNTS TRANSFERRED TO INCOME STATEMENT		
From cash flow hedges	**(23,173,594)**	**(12,397,364)**
Tax effect	**5,793,398**	**3,099,341**
TOTAL AMOUNTS TRANSFERRED TO INCOME STATEMENT	**(17,380,195)**	**(9,298,023)**
TOTAL RECOGNIZED INCOME AND EXPENSES	**(10,514,875)**	**1,751,298**

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated statement of changes in equity at June 30, 2023

	Issued capital (Note 13)	Share premium (Note 13)	Reserves (Note 13)	Treasury shares (Note 13)	Profit/(loss) for the year	Valuation adjustments (Note 16)	TOTAL
Balance at 12.31.2022	**656,662**	**61,722,144**	**(14,165,475)**	**(300,217)**	**(5,121,521)**	**(23,169,700)**	**19,671,894**
Total recognized income and expenses	**-**	**-**	**-**	**-**	**(20,902,855)**	**10,387,979**	**(10,514,875)**
Transactions with shareholders and owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Capital increase	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Appropriation of prior-year profit/(loss)	**-**	**-**	**(5,121,521)**	**-**	**5,121,521**	**-**	**-**
Other changes in equity	**-**	**-**	**(92,190)**	**(33,070)**	**-**	**-**	**(125,260)**
Balance at 06.30.2023	**656,662**	**61,772,144**	**(19,379,186)**	**(333,287)**	**(20,902,855)**	**(12,781,721)**	**9,031,757**

	Issued capital (Note 13)	Share premium (Note 13)	Reserves (Note 13)	Treasury shares (Note 13)	Profit/(loss) for the year	Valuation adjustments (Note 16)	TOTAL
Balance at 12.31.2021	**656,662**	**61,722,144**	**(5,769,211)**	**(300,217)**	**(8,412,927)**	**(40,812,106)**	**7,134,345**
Total recognized income and expenses	**-**	**-**	**-**	**-**	**5,508,998**	**(3,757,700)**	**1,751,298**
Transactions with shareholders and owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Capital increase	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Appropriation of prior-year profit/(loss)	**-**	**-**	**(8,412,927)**	**-**	**8,412,927**	**-**	**-**
Other changes in equity	**-**	**-**	**20,755**	**-**	**-**	**-**	**20,755**
Balance at 06.30.2022	**656,662**	**61,772,144**	**(14,161,382)**	**(300,217)**	**5,508,998**	**(44,569,806)**	**8,906,398**

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated cash flow statement at June 30, 2023 and June 30, 2022

	Notes	06.30.2023	06.30.2022
Profit/(loss) before tax		**(24,673,172)**	**6,865,347**
Adjustments to profit		**29,541,432**	**8,277,427**
Depreciation and amortization (+)		10,519,024	2,722,832
Impairment losses (+/-)		10,432,589	4,894,147
Changes in provisions (+/-)		-	-
Finance income (-)		-	24
Finance costs (+)		1,871,331	660,424
Other income and expenses (-/+)		6,718,488	-
Change in working capital		**(6,352,500)**	**(19,700,727)**
Inventories (+/-)		2,321,098	(9,139,547)
Trade and other receivables (+/-)		27,668,653	(37,274,559)
Other current assets (+/-)		4,872	(1,223,004)
Trade and other payables (+/-)		(34,848,326)	20,387,498
Other current liabilities (+/-)		(1,498,797)	3,938,300
Other non-current assets and liabilities (+/-)		-	3,610,587
Other cash flows from/(used in) operating activities		**(1,847,544)**	**(660,448)**
Interest paid (-)		(1,871,331)	(660,424)
Interest received (+)		23,787	(24)
Income tax receipts (payments) (+/-)			-
Cash flows from/(used in) operating activities (1+2+3+4)		**(3,331,785)**	

CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Payments on investments (-)		**(10,205,056)**	**(10,870,892)**
Intangible assets	5	(6,390,747)	(6,158,174)
Property, plant and equipment	6	5,819	(772,984)
Other financial assets		(3,820,128)	(3,939,734)
Business unit		-	-
Other assets		-	-
Proceeds from disposals (+)		**1,621,616**	**1,785,932**
Other financial assets		1,621,616	1,785,932
Cash flows from/(used in) investing activities (6+7)		**(8,583,440)**	**(9,084,960)**

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		**7,673,872**	**16,660,115**
Issues		61,200,000	16,660,115
Bank borrowings (+)		*61,200,000*	*13,614,710*
Other payables			*3,045,405*
Repayment and redemption of:		(53,526,128)	-
Bank borrowings (-)		*(14,551,766)*	-
Other payables (-)		*(38,974,362)*	-
Cash flows from/(used in) financing activities (9+10+11)		**7,673,873**	**16,660,115**

Net foreign exchange difference			**-**

NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**(4,241,352)**	**2,356,754**
Cash and cash equivalents at the beginning of the period	**12**	**10,339,505**	**9,895,029**
Cash and cash equivalents at the end of the period	**12**	**6,098,152**	**12,251,783**

1. Activity

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

The activity of the Group's parent company consists in:

a) Running and managing, as the parent company, the entire business dynamic of the Group's subsidiaries.
b) The purchase and sale, even at an international level, production and 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 Company's shareholders resolved to increase capital through a public offering of shares paid with monetary contributions in order to increase the Company's shareholders' equity by a maximum effective amount of 30M euros (nominal amount + share premium). It was also resolved to make a request for all Company outstanding shares to be traded on the Alternative Stock Market (MAB; Growth Company Segment: MAB-EE by its acronym in Spanish, currently BME Growth Bolsas y Mercados Españoles), specifically shares issued within the public offering framework. Said capital increase was approved on November 21, 2019 by the Company's Board of Directors (Note 11), and shares were admitted to trading on the MAB-EE on that same date.

1.1. Subsidiaries

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

- Clidomer Unipessoal, LDA (wholly owned at June 30, 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 June 30, 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 interim financial statements at June 30, 2023 were prepared, the company is dormant.

- Clidom France, SARL (wholly owned at June 30, 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 accompanying interim financial statements at June 30, 2023 were prepared, the company is dormant.

- Holaluz Generación, S.L. (formerly, Orwell Power, SL, wholly owned at June 30, 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 June 30, 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 June 30, 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 interim financial statements at June 30, 2023 were prepared, the company is dormant.

- Clidom Energía Ibérica, SL (wholly owned at June 30, 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 June 30, 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 funding transactions for developing the self-consumption business and distributed generation of energy. Its corporate purpose also consists in transactions or activities related or supplementary to the 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 June 30, 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 June 30, 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 interim 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 interim consolidated financial statements have been authorized for issue by the Parent Company's Directors.

Since November 2019, the Parent Company shares have been traded on BME Growth (formerly MAB); Growth Company Segment

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

a) True and fair view

The interim consolidated financial statements for the period ended June 30, 2023, which consist of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes thereto, have been prepared from the Parent Company's and subsidiaries' accounting records in accordance with prevailing general accounting provisions in order to give a true and fair view of the equity, financial position and results of the Group.

b) Consolidation principles

The interim 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

At June 30, 2023, the Group shows negative working capital amounting to 38,665 thousand euros (negative working capital amounting to 28,907 thousand euros at December 31, 2022). However, the Company has undrawn credit and other financing facilities amounting to 16,942 thousand euros at June 30, 2023. This situation, together with cash projections for the next 12 months, which also consider the materialization in the short term of the PPAs (purchase of electricity at a fixed price that are not recorded in the balance sheet in accordance with prevailing regulations), which at year end are valued at 15,609 thousand euros, allows the Parent Company’s Board of Directors to prepare the interim 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. For comparative purposes, the figures for the 6-month period ended June 30, 2022 have been included for each item of the consolidated income statement and the consolidated cash flow statement. The explanatory notes to the 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 interim financial statements at June 30, 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.

d) Critical issues concerning the assessment of uncertainty

The accompanying interim 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 3a and 3b).
- The assessment of possible impairment losses on certain assets (Note 3c).
- The fair value of certain financial instruments (Note 3e).
- 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 3l).
- The estimated projections for assessing the recovery of tax credits related to deductions (Notes 3g and 18).
- Current and non-current accrued expenses and useful lives of contracts with customers (Note 3n).

Although these estimates were made on the basis of the best information available at June 30, 2023, events may occur in the future that require prospective adjustments (upwards or downwards) to these estimates in subsequent years.

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

Certain items in the 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 interim consolidated financial statements has been considered.

f) Regulatory framework. General overview

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

- Electrical energy production is carried out in a free market.

- The energy dispatch of power plants is established through a daily market that consists in 24 hourly auctions that match supply with demand. The matching price corresponds to the marginal price of the auctions. Production under the specific remuneration system receives the price resulting from the market and is supplemented by regulated remuneration.

- The transmission, distribution and economic and technical management of the system are considered regulated activities.

- The supply of electricity is fully deregulated and all consumers must contract the supply of electricity with a power marketer. As of July 1, 2009 consumers that meet certain characteristics may choose to contract the supply of electricity with a Marketer of Reference and they will 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 June 30, 2022 through Royal Decree Law 6/2022. Lastly, this period has been extended to December 31, 2022 through Royal Decree Law 11/2022.

Also in this line, Royal Decree Law of September 14, on urgent measures to mitigate the impact of the rise in the prices of natural gas in the gas and electricity retail markets, approved a discount in electric charges for the period 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 the said electricity is used for professional purposes, and 1 euro per megawatt-hour in the rest of cases. This period was extended to April 30, 2022 through Royal Decree Law 29/2021 and subsequently it was extended again to June 30, 2022 through Royal Decree Law 6/2022. Lastly, this period has been extended to December 31, 2022 through Royal Decree Law 11/2022.

Royal Decree Law 6/2022 effective from March 31, 2022, adopting urgent measures within the Spanish national plan to deal with the economic and social consequences of the war in Ukraine, has adopted measures such as the reduction of electric charges as from March 31, 2022 until the end of the year and has revised the social tariff, in relation to both beneficiaries and the mechanism used to fund it: the social tariff and the co-funding cost of supply and default by highly vulnerable customers is assumed by the entities operating in the electricity industry participating in power supply chain activities, including the production, transmission, distribution and 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 electro-intensive industry, and revising the special regime (RECORE), among others. All these measures are aimed at mitigating the rise in the prices of electricity and natural gas caused by the war in Ukraine.

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

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.

g) Consolidation methodology

Consolidation method

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

Standardization

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

Elimination of internal transactions

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

3. 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	
	06.30.2023	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 Company eliminates a measurement inconsistency or accounting mismatch that would otherwise arise from measuring assets or liabilities on different bases.

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

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

Financial assets at amortized cost

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

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

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

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

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

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

At initial recognition, financial assets in this category are recognized at fair value, which, unless there is evidence to the contrary, 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 the said period has ended or the 40% drop has been reached.

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

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

Financial assets at cost

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 the said profit has to be classified undoubtedly as a recovery of the investment from the perspective of the entity receiving the dividends.

e.2) Financial liabilities

Recognition and measurement

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

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

Financial liabilities at amortized cost

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

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

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

At initial recognition, financial liabilities in this category are recognized at fair value, which, unless 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 interim consolidated financial statements closing date (June 30, 2023), the Group's hedging strategy includes PPAs (Power Purchase Agreements) with producers of renewable plants at a fixed price for an average period of 4.6 years (until 2027) 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 June 30, 2023 amount to 19.92 million euros (19.4 million euros at December 31, 2022), of which 4.26 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 15.66 million euros at June 30, 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 interim consolidated financial statements at June 30, 2023 include all provisions when the Company considers that it will more likely than not have to settle related obligations, and are measured at the present value of the best possible estimate of the amount needed to cancel or transfer the obligation to a third party. Contingent liabilities are not recognized in the consolidated balance sheet but disclosed in the notes to the consolidated financial statements.

k) Related-party transactions

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

l)Income and expenses

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

a) Identifying the contract (or contracts) with the customer, understood as an agreement between two or more parties that creates enforceable rights and obligations.

b) Identifying the obligation or obligations to be satisfied in the contract, representative of the commitments to transfer goods or render services to a customer.

c) Determining the transaction price, or consideration of the contract that the Company expects to be entitled to in exchange for the promised transfer of goods or rendering of services to the customer.

d) Allocating the transaction price to the obligations to be satisfied, which shall be done based on separate selling prices of each good or service promised in the contract or, where appropriate, following an estimate of the selling price when it cannot be observed independently.

e) Recognizing revenue from ordinary activities when the Group satisfies a promised obligation through the transfer of a good or rendering of a service; the obligation is satisfied when the customer obtains control over the said asset or service and, thus, recognized revenue from ordinary activities shall be the amount allocated to the satisfied contractual obligation.

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

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

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

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

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

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

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

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

Revenue from installation is recorded in accordance with the stage of completion of the said installations.
Additionally, the company recognizes income from the rendering of services over time as associated costs are incurred.

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

m) Termination benefits

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

n) Accrual of customer acquisition costs

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

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.

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

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

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.

4. 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 June 30, 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**

5. Intangible assets

At June 30, 2023 and December 31, 2022 the movements in Intangible Assets are as follows:

Cost	Balance at December 31, 2022	Investments and Charge for the year	Business combinations	Disposals	Balance at June 30, 2023
Industrial property	18,951	-	-	-	18,951
Development costs	40,237,659	5,746,554	-	-	45,984,213
Software	1,528,732	2,980	-	-	1,531,712
Other intangible assets	397,479	178,712	-	-	576,191
Intangible assets in progress	6,006,569	-	(6,569)	-	6,000,000
Total	**48,189,390**	**5,928,246**	**(6,569)**	**-**	**54,111,067**
Accumulated amortization					
Industrial property	(14,840)	(98)	-	-	(14,938)
Development costs	(15,250,461)	(3,828,747)	-	-	(19,079,208)
Software	(1,223,359)	(41,863)	-	-	(1,265,222)
Other intangible assets	(8,087)	(26,953)	-	-	(35,039)
Total	**(16,496,747)**	**(3,897,660)**	**-**	**-**	**(20,394,407)**
NET TOTAL	**31,692,643**	**2,030,586**	**(6,569)**	**-**	**33,716,660**

Cost	Balance at December 31, 2021	Investments and Charge for the year	Business combinations	Disposals	Balance at December 31, 2022
Industrial property	18,951		-	-	18,951
Development costs	24,781,745	15,455,914	-	-	40,237,659
Software	1,347,069	181,663	-	-	1,528,732
Other intangible assets	-	397,479	-	-	397,479
Intangible assets in progress	-	6,006,569	-	-	6,006,569
Total	**26,147,765**	**22,041,625**	**-**	**-**	**48,189,390**
Accumulated amortization					
Industrial property	(14,644)	(196)	-	-	(14,840)
Development costs	(9,562,075)	(5,688,386)	-	-	(15,250,461)
Software	(1,086,941)	(136,418)	-	-	(1,223,359)
Other intangible assets	-	(8,087)	-	-	(8,087)
Total	**(10,663,660)**	**(5,833,087)**	**-**	**-**	**(16,496,747)**
NET TOTAL	**15,484,115**	**16,208,538**	**-**	**-**	**31,692,643**

5.1. Significant movements

Additions in intangible assets recorded during the period between January 1 and June 30, 2023 include the capitalization of work carried out by Holaluz Clidom S.A. and Clidom Solar S.L. amounting to 4,520,730 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 1,225,824 euros at June 30, 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 consolidated the company's position as a key asset in the solar segment.

Intangible assets in progress include 6 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).

5.2 Other information

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

Account	***Balance at 06.30.2023***	***Balance at 12.31.2022***
Development costs and Software	6,501,694	4,486,908
Industrial property	14,000	14,000
Total	**6,515,694**	**4,500,908**

No intangible assets are located outside of Spain.

6. Property, plant and equipment

At June 30, 2023 and December 31, 2022 the movements in Fixed Assets are as follows:

Cost	Balance at December 31, 2022	Investments and Charge for the year	Business combinations	Disposals	Balance at June 30, 2023
Data processing equipment	1,220,238	44,202	-	-	1,264,440
Installations	902,814	410,280	-	-	1,313,094
Furniture and office equipment	834,469	8,769	-	-	843,238
Transport equipment	247,761	-	-	-	247,761
Total	**3,205,282**	**463,251**	**-**	**-**	**3,668,533**
Accumulated depreciation					
Data processing equipment	(556,828)	(110,091)	-	-	(666,919)
Installations	(272,686)	(245,876)	-	-	(518,562)
Furniture and office equipment	(188,348)	(113,104)	-	-	(301,452)
Transport equipment	(85,071)	-	-	-	(85,071)
Total	**(1,102,933)**	**(469,071)**	**-**	**-**	**(1,572,004)**
NET TOTAL	**2,102,349**	**(5,820)**	**-**	**-**	**2,096,529**

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**

6.1. Significant movements

For the Parent Company, additions in new data processing equipment have been acquired for the renewal of laptops and other computer equipment, as a result of an increase in the Company's staff in the last few months. 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).

6.2. 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 06.30.2023	Balance at 12.31.2022
Data processing equipment	358,864	304,082
Furniture	2,757	2,757
Total	**361,621**	**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 June 30, 2023, these potential risks are fully covered by the insurance.

No property, plant and equipment items have been acquired between the group companies at June 30, 2023 or December 31, 2022. No property, plant and equipment items are located outside of Spain.

7. Leases and similar arrangements

7.1. Operating leases

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

Description	Balance at 06.30.2023	Balance at 06.30.2022
Lease expenses	1,305,469	616,971
Total	**1,305,469**	**616,971**

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	930,892	906,380
Between one and five years	1,208,510	1,606,730
Total	**2,130,402**	**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 the said offices.

8. 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	06.30.2023	12.31.2022
Loans to third parties	7,026,928	7,409,411
Other financial assets	820,692	816,450
Total	**7,847,620**	**8,225,861**

Loans to third parties amounting to 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 2024 (157 thousand euros at June 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 (48 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 1.8 million euros (4.7 million at December 31, 2022). The "Derivatives" balance at June 30, 2023 and December 31, 2022 is commented on in Note 16.

b) Current financial investment categories

Current financial investments are classified based on the following categories:

Financial assets at amortized cost Current	06.30.2023	12.31.2022
Other financial assets	1,195,427	2,817,043
Total	**1,195,427**	**2,817,043**

At June 30, 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 June 30, 2023 and December 31, 2022 is commented on in Note 16.

9. 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	06.30.2023	12.31.2022
Trade receivables for sales and services	42,913,970	57,705,724
Other receivables	20,790,545	45,262,640
Receivables from employees	58,958	63,830
Current income tax assets	16,529	40,316
Other receivables from Public Administrations	19,133,029	18,684,084
TOTAL	**82,913,031**	**121,756,594**

At June 30, 2023, the balances related to electricity and gas sales of the Parent Company pending invoice included in "Trade receivables for sales and services" amount to 23.0 million euros (34.0 million euros at December 31, 2022) and correspond to energy supplied during June, which is invoiced to customers during the first business days of the following month (in this case, July 2023). The Parent Company's operations for billing the electricity and gas commercialization activity consist in issuing invoices for the amount of electricity and gas consumed during the calendar month and sending the corresponding invoices to customers during the first days of the following month. This heading also includes balances receivable for invoices issued by Clidom Solar for solar panel installation amounting to 1.5 million euros (5.1 million euros at December 31, 2022) and 1.5 million euros corresponding to Katae Energía for the same concept (1.2 million euros at December 31, 2022). It also includes 1.2 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 (9.7 million euros) and outstanding settlements of derivatives (6.6 million euros).

The balance of receivables from public administrations amounting to 19,133 thousand euros is commented on in Note 18.

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	06.30.2023	12.31.2022
Opening impairment losses	(15,960,070)	(6,158,334)
Impairment losses	(5,339,275)	(9,801,736)
Derecognition and reductions	-	-
Additions due to business combinations	-	-
Total	**(21,299,345)**	**(15,960,070)**

10. Inventories

At June 30, 2023 and December 2022 there were no firm commitments to purchase inventories.

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

	06.30.2023	12.31.2022
Commercial inventories	5,891,222	12,809,909
Prepayments to suppliers	61,869	1,182,070
Total	**5,953,091**	**13,991,979**

The balance of commercial inventories at June 30, 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 Company has arranged insurance policies to ensure the recoverability of the net carrying amount of its inventories.

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

11. 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 June 30, 2023
Non-current					
Customer acquisition costs	18,376,562	1,522,059	-	(5,991,689)	13,906,932
Total	**18,376,562**	**1,522,059**	**-**	(5,991,689)	13,906,932
Current					
Customer acquisition costs	10,919,209	468,326	(7,006,979)	5,991,689	10,372,245
Total	**10,919,209**	**468,326**	**(7,006,979)**	5,991,689	10,372,245
TOTAL	**29,295,771**	**1,990,385**	**(7,006,979)**	**-**	**24,279,177**

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 1,732 thousand euros (1,656 thousand euros at December 31, 2022) for annual customer contracts.
- Insurance premiums amounting to 232 thousand euros (206 thousand euros at December 31, 2022).
- Other general expenses amounting to 2,239 thousand euros (641 thousand euros at December 31, 2022).
- Additionally, 227 thousand euros are included in the subsidiaries Clidom Solar and Katae Energía (207 thousand euros at December 31, 2022) corresponding to the portion of costs for uncompleted solar panel installation projects.

12. Cash and cash equivalents

The breakdown of this caption at June 30, 2023 and December 31, 2022 is as follows:

	06.30.2023	*12.31.2022*
Demand current accounts	6,098,152	10,339,505
Total	**6,098,152**	**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.

13. 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 21,788,719 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:

	06.30.2023	*12.31.2022*
Axon Capital e Inversiones	16.81%	16.81%

b) Legal reserve

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

At June 30, 2023, the legal reserve is funded by 18.80%.

c) Reserves and share premium

Additionally, the breakdown of consolidated reserves is as follows:

	06.30.2023		12.31.2022	
	Reserves in the Parent	**Reserves in consolidated companies**	**Reserves in the Parent**	**Reserves in consolidated companies**
HOLALUZ-CLIDOM, SA	845,798		(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	**845,798**	**(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 June 30, 2023 account for 0.31% of the Company's share capital (0.28% at December 31, 2022) and amount to 67,195 shares (61,226 shares at December 31, 2022), at an average acquisition price of 5.94 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.

14. 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	
	06.30.2023	**12.31.2022**	**06.30.2023**	**12.31.2022**
Financial liabilities at amortized cost	17,724,636	23,392,439	1,330	1,330
TOTAL	**17,724,636**	**23,392,439**	**1,330**	**1,330**

At June 30, 2023 non-current payables amounting to 17.7 million euros (23.4 million euros at December 31, 2022) include:

- 12.6 million euros corresponding to capital pending repayment 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.

- 5.0 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 23 million euros.

- 53 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 16.

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

	Bank borrowings		Other items	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Financial liabilities at amortized cost	35,637,461	40,770,224	26,667,817	8,418,552
TOTAL	**35,637,461**	**40,770,224**	**26,667,817**	**10,657,950**

At June 30, 2023 current payables amounting to 28.6 million euros (40.7 million euros at December 31, 2022) include:

- 2.6 million euros corresponding to capital pending repayment 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.

- During the year 2023 two loans maturing in the short-term have been taken out to pay taxes for an amount of 500 thousand euros each, which at the date these interim financial statements were signed had been fully repaid.

- 1.5 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.

- 13.3 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 million correspond to ICO agreements maturing in 2026. However, this is a short-term product.

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

- 10.7 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 13.3 million euros drawn down at June 30, 2023 were repaid during the first business days of July 2023. Setting up a direct debit during the first business days of the following month makes it possible to minimize debt repayments.

- 6.2 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. As soon as the Government decides to set output VAT at 21% again (currently extended until December 2023), these recurring settlements to be refunded by the Spanish tax authorities will decrease. The Parent Company has a VAT financing facility of 20 million euros, from which 6.2 million euros have been drawn down at June 30, 2023 (this facility had not been drawn down at December 31, 2022 since the tax authorities had refunded the whole amount at that date).

- The Portuguese subsidiary Clidomer has also a VAT financing facility amounting to 2 million euros, from which 1.3 million euros have been drawn down at June 30, 2023 (no amounts drawn down at December 31, 2022).

Green Commercial Paper Notes 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 funding 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 26.7 million euros classified as "Other", 26.5 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 16.

a) Classification by maturity

The breakdown by maturity of bank loans, with fixed or determinable maturity, at June 30, 2023 and December 31, 2022, is as follows:

06.30.2023	2023	2024	2025	2026	Subsequent years	TOTAL
Bank loans	2,633,984	5,001,335	4,628,732	2,422,212	560,617	15,246,880
TOTAL	**2,633,984**	**5,001,335**	**4,628,732**	**2,422,212**	**560,617**	**15,246,880**

12.31.2022	2022	2023	2024	2025	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**

The 15.2 million euros outstanding at June 30, 2023 mainly correspond to ICO loans, whose initial capital amounted to 20.3 million euros: 2.6 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:

	06.30.2023		
	Limit (*)	Current	Non-current
Bank loans	20,425,000	2,633,984	12,612,896
Credit facilities	23,030,000	1,526,166	5,058,359
VAT financing facilities	22,000,000	7,463,031	-
Factoring, reverse factoring and funded payments	13,770,000	13,273,751	-
Bills discounted	13,000,000	10,668,356	-
Credit cards	258,000	43,716	-
TOTAL	**92,483,000**	**35,609,004**	**17,671,255**

(*) 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.

Additionally, the Parent Company has lines of security interests and guarantees that have been granted by several financial institutions for an overall amount of 46.55 million euros:

- 30 million euros of surety lines, from which 21.6 million euros have been drawn down at June 30, 2023 (18 million euros at December 31, 2022). The increase in the amount drawn down is due to the natural evolution of business.
- 16.5 million euros of bank guarantees, from which 14.5 million euros have been drawn down at June 30, 2023 (15.7 million euros at December 31, 2023).

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).

15. Trade and other payables

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

Financial liabilities at amortized cost	06.30.2023	12.31.2022
Suppliers	70,727,220	72,226,017
Other payables	20,475,548	58,480,678
Employee benefits payable	657,264	1,114,321
Current income tax liabilities	704,408	415,816
Other payables to public administrations (*)	4,070,161	1,652,750
Customer advances (**)	5,017,218	10,095,794
	101,651,819	**143,985,376**

(*) See Note 18

(**) This balance mainly corresponds to Clidom Solar for advance collections from incomplete solar installations, for the amount of 3.4 million euros. The income in the income statement is recognized once the installation is completed. Additionally, 1.6 million euros correspond to the parent company.

At June 30, 2023 the balances for invoices pending receipt corresponding to supplied electricity included under "Suppliers" amount to 31.9 million euros (24.4 million euros at December 31, 2022), of which 25 million euros correspond to invoices pending receipt from the plants (15.6 million euros at December 31, 2022), 4.4 million euros to invoices pending receipt from distributors (6.3 million euros at December 31, 2022) and 1.4 million euros (2.0 million euros at December 31, 2022) to invoices pending receipt from REE (corporation operating the Spanish electricity grid).

15.1. 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:

	06.30.2023	12.31.2022
Average payment period to suppliers	52	51
Ratio of transactions paid	63	55
Ratio of transactions outstanding	13	22

	06.30.2023	12.31.2022
Total payments made	362,465,143	829,681,831
Total payments outstanding	81,724,077	114,766,295
Monetary volume of invoices paid by the deadline established in late payment regulations	356,349,715	897,225,720
Percentage of payments made by the established deadline over total payments	98%	95%
(Number of invoices)		
Invoices paid by the deadline established in late payment regulations	1,784,448	3,003,914
Percentage over total number of invoices	86%	77%

15.2. Provisions and contingencies

On March 24, 2023, the Parent 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 Parent Company and 34 other companies for alleged manipulation or attempted manipulation of the wholesale energy market. On April 18, 2023, the Parent Company filed defense allegations against the Agreement for initiating said proceedings. The Group and its legal advisors consider that the proceedings will not succeed and no provision has therefore been recorded.

16. 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 June 30, 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 the closing date of these interim financial statements are as follows:

				Fair value	
Description of the hedge	**Type**	**Entity**	**Underlying**	**Asset**	**Liability**
EEX Power hedge	SWBCCAL25	Investment entity	MWh	-	(6,969,456)
EEX Power hedge	SWBCCAL24	Investment entity	MWh	-	(5,609,462)
EEX Power hedge	SWBCCAL23	Investment entity	MWh	-	(4,257,122)
EEX Power hedge	SWBCQ1-24	Investment entity	MWh	-	(49,947)
EEX Power hedge	SWBCQ4-23	Investment entity	MWh	-	(263,158)
EEX Power hedge	SWBCQ3-23	Investment entity	MWh	692,650	-
EEX Power hedge	SWBCJUL-23	Investment entity	MWh	-	(35,995)
Over the counter	OTCCAL24	Investment entity	MWh	50,572	(254,360)
Over the counter	OTCCAL23	Investment entity	MWh	1,002,733	(589,521)
Over the counter	OTCQ124	Investment entity	MWh	-	(375,220)
Over the counter	OTCQ423	Investment entity	MWh	-	(631,178)
Over the counter	OTCQ323	Investment entity	MWh	-	(972,739)
Over the counter	OTCAUG23	Investment entity	MWh	8,876	-
Over the counter	OTCJUL23	Investment entity	MWh	20,402	-
Power Purchases Agreement	CAL22-26	Investment entity	MWh	3,190,632	-
Total				**4,965,865**	**(22,008,159)**
Net					**(17,042,294)**

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 the closing date of the interim consolidated financial statements for the period ended June 30, 2023 total -17.0 million euros (-30.9 million euros at December 31, 2022) and have been recorded as follows:

Derivatives	06.30.2023	12.31.2022
NC derivative assets	1,769,915	4,742,047
C derivative assets	21,691,495	30,388,848
NC derivative liabilities	(13,258,446)	(12,655,624)
C derivative liabilities	(8,749,713)	(28,379,871)
TOTAL	**1,453,251**	**(5,904,600)**

Additionally, at June 30, 2023 the Company's cash account includes -18.5 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:

	06.30.2023	12.31.2022
Amount recognized in equity - Profit / (loss)	(12,781,721)	(23,169,700)
Amount recorded directly in income statement - Profit / (loss)	(17,379,976)	(51,615,496)
Total	**(30,161,697)**	**(74,785,196)**

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

17. 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:

	06.30.2023	12.31.2022
Not due	10,552,821	28,235,605
Past due, not impaired:		
Less than 30 days	4,084,774	6,118,220
30 – 60 days	347,284	1,556,561
More than 60 days	27,929,091	21,795,338
	42,913,970	**57,705,724**
Doubtful receivables	21,299,345	15,960,070
Impairment losses	(21,299,345)	(15,960,070)
Total	**42,913,970**	**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 14b).

c) Market risk

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

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

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

18. Taxes

The breakdown of this heading in the consolidated financial statements at June 30, 2023 and December 31, 2022 is as follows:

	06.30.2023			
	Debit balances		Credit balances	
Item	Non-current	Current	Non-current	Current
Value Added Tax	-	19,098,877	-	2,831,055
Canary Islands general indirect tax	-	19,519	-	87,826
Current income tax assets	-	16,529	-	-
Withholdings and payments on account	-	13,303		
Deferred tax assets	20,074,445	-	-	-
Deferred tax liabilities	-	-	-	-
Current income tax liabilities	-	-	-	704,408
Electricity tax	-	-	-	9,574
Personal income tax	-	-	-	398,338
Social security agencies	-	-	-	743,368
Income tax payable to tax authorities	-	-	-	-
Receivable from tax authorities related to grants	-	1,330	-	-
	20,074,445	19,149,558	-	4,774,569

	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 June 30, 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 1.1 million euros to the Parent Company corresponding to Group VAT accrued in 2023 and 4.6 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 the said tax group.

The reconciliation of consolidated profit/(loss) before tax corresponding to the interim consolidated financial statements at June 30, 2023 is as follows:

	06.30.2023		**12.31.2022**	
	Tax accrued	**Tax payable**	**Tax accrued**	**Tax payable**
Profit/(loss) before income tax	(24,673,172)	(24,673,172)	(8,647,270)	(8,647,270)
Consolidation adjustments	-	-	(655,585)	(655,585)
Correction to profit/(loss) (foreign subsidiaries)	2,343,480	2,343,480		
Permanent differences	(2,766,342)	(2,766,342)	3,317,873	3,317,873
Temporary differences				
Preliminary tax result	**(25,096,035)**	**(25,096,035)**	**(5,984,982)**	**(5,984,982)**
Utilized tax loss carryforwards (Group)	12,896,617	12,896,617		
Tax result	**(12,199,418)**	**(12,199,418)**	**(5,984,982)**	**(5,984,982)**
Total tax liability (25% of tax result)	(3,049,855)	(3,049,855)	(1,496,245)	(1,496,245)
Adjustment tax rate foreign subsidiaries	-	-	332,652	332,652
Deductions	(720,463)	(720,463)	(2,100,709)	(1,254,722)
Other items			(261,446)	(261,446)
Net tax payable	**(3,770,318)**	**(3,770,318)**	**(3,525,749)**	**(2,679,761)**
Withholdings and prepayments	-	(3,644)	-	(721,319)
Capitalization of tax loss carryforwards	-	-		3,765,669
Income tax expense / Income tax (refund) / payable	**(3,770,318)**	**(3,644)**	**(3,525,749)**	**364,589**

Deferred tax assets recorded

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

	06.30.2023		12.31.2022	
Item	Amount	Maturity	Amount	Maturity
Tax credits related to unused tax loss carryforwards	11,141,131		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	3,049,854			
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	689,587	2041	-	2041
2014-15 deduction for donation	729	2024		2024
2015-16 deduction for donation	1,925	2025		2025
2016-17 deduction for donation	2,275	2026		2026
2018-19 deduction for donation	4,350	2028		2028
2021 deduction for donation	24,815	2031		2031
2022 deduction for donation	19,250	2032		2032
2023 deduction for donation	30,877	2033	-	2033
Adjustment for derivatives	4,260,633		7,723,232	-
Temporary differences				
2013-19 Amortization (25%)	408		-	2025-33
Total	**20,074,445**		**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.

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 June 30, 2023, the Parent Company is open to inspection for the income tax for 2018 and subsequent years and for all other applicable taxes for 2018 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 interim consolidated financial statements at June 30, 2022.

19. Income and expenses

a) Turnover

The distribution of revenue by activity category is as follows:

Activities	06.30.2023	06.30.2022
Commercialization of electricity	141,203,000	252,388,456
Commercialization of gas	1,933,438	31,986,156
Representation of electricity	166,736,075	268,150,762
Solar segment sales	13,663,847	10,078,291
Total	**323,536,360**	**562,603,664**

Revenue has been entirely generated in Spain, except for 15.2 million euros (12.69 million euros at June 30, 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	***06.30.2023***	***06.30.2022***
Purchases of electricity from the market	109,159,347	219,092,816
Purchases of gas from the market	6,531,026	15,709,997
Purchases of electricity for representation	173,069,694	275,419,926
Costs of financial derivatives	156,215	(4,978,600)
Purchase of equipment for solar segment sales	7,669,134	9,503,899
Change in inventory	(382,020)	(2,833,955)
Total	**296,203,396**	**511,914,082**

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 interim consolidated financial statements at June 30, 2023 and 2022 is as follows:

Employee benefits expense	***06.30.2023***	***06.30.2022***
Wages and salaries	14,763,385	9,378,560
Social Security paid by the company	5,062,744	2,696,495
Termination benefits	178,570	7,467
Total	**20,004,699**	**12,082,521**

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.

d) External services

The breakdown of this heading in the interim consolidated financial statements at June 30, 2023 and 2022 is as follows:

External services	06.30.2023	06.30.2022
Leases (*)	1,305,469	645,771
Repairs and maintenance	51,339	715,610
Independent professional services	2,750,546	8,516,068
Transportation services	56,570	-
Insurance premiums	1,061,048	325,053
Bank services	434,731	748,756
Publicity, advertising and public relations	12,107,828	13,420,158
Utilities	184,372	1,095,075
Other services	6,934,417	2,070,764
Total	**24,886,321**	**27,537,255**

(*) note 7.1 (leases)

At June 30, 2023, the “Publicity, advertising and public relations” heading includes 5.8 million euros corresponding to accruals of customer acquisition costs (8.9 million euros at June 30, 2022).

e) Depreciation and amortization

The breakdown of this heading in the interim consolidated financial statements at June 30, 2023 and 2022 is as follows:

	06.30.2023	06.30.2022
Property, plant and equipment	469,071	130,364
Intangible assets	3,897,660	2,592,468
Total	**4,366,731**	**2,722,832**

f) Other gains/(losses)

The breakdown of this heading in the interim consolidated financial statements at June 30, 2023 and 2022 is as follows:

	06.30.2023	06.30.2022
Non-recurring expenses	554,503	225,381
(Non-recurring income)	(41,555)	(236,674)
Total	**(512,948)**	**(11,293)**

g) Finance costs

The breakdown of this heading in the interim consolidated financial statements at June 30, 2023 and 2022 is as follows:

	06.30.2023	*06.30.2022*
Interest on payables	1,877,899	381,521
Interest on discounted bills at other financial institutions	-	114,077
Other finance costs	94,504	164,826
Total	**1,972,403**	**660,424**

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 (therefore it had no impact at June 2022) and the effect of the rise in EURIBOR in the first half of 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 June 30, 2023 and 2022 is as follows:

06.30.2023	Commercialization (electricity & gas)	Representation (electricity)	Subtotal Energy Management	Solar	TOTAL
Revenue	143,136,438	166,736,075	309,872,513	13,663,847	323,536,360
Change in inventory	-	-	-	(382,020)	(382,020)
Work performed and capitalized	2,210,735	-	2,210,735	2,309,995	4,520,730
Cost of sales	(115,846,588)	(173,069,694)	(288,916,282)	(7,287,113)	(296,203,396)
Employee benefits expense	(13,749,895)	-	(13,749,895)	(6,254,805)	(20,004,699)
Other operating income and expenses	(22,716,822)	(27,175)	(22,743,997)	(6,601,239)	(29,345,236)
Other gains and losses	(521,307)	-	(521,307)	8,359	(512,948)
Depreciation and amortization	(3,603,847)	-	(3,603,847)	(762,884)	(4,366,731)
OPERATING PROFIT/(LOSS)	**(11,091,285)**	**(6,360,794)**	**(17,452,079)**	**(5,305,861)**	**(22,757,940)**
FINANCE PROFIT/(LOSS)	(1,877,322)	(56,246)	(1,933,568)	18,336	(1,915,232)
PROFIT/(LOSS) BEFORE TAX	**(12,968,608)**	**(6,417,040)**	**(19,385,648)**	**(5,287,525)**	**(24,673,172)**
Segment assets	159,603,755	7,726,982	167,330,737	45,439,165	212,769,902
Segment liabilities	159,603,755	7,726,982	167,330,737	45,439,165	212,769,902

06.30.2022	Commercialization (electricity & gas)	Representation (electricity)	Subtotal Energy Management	Solar	TOTAL
Revenue	284,374,612	268,150,763	552,525,375	10,078,290	562,603,665
Change in inventory	-	-	-	2,833,955	2,833,955
Work performed and capitalized	2,064,078	-	2,064,078	1,033,442	3,097,520
Cost of sales	(229,824,212)	(275,419,926)	(505,244,138)	(9,503,899)	(514,748,037)
Employee benefits expense	(6,079,175)	-	(6,079,175)	(6,178,907)	(12,258,082)
Other operating income and expenses	(27,013,746)	(28,516)	(27,042,262)	(4,248,874)	(31,291,136)
Other gains and losses	(129,647)	141,486	11,839	(546)	11,293
Depreciation and amortization	(2,647,663)	-	(2,647,663)	(75,169)	(2,722,832)
OPERATING PROFIT/(LOSS)	**20,744,247**	**(7,156,193)**	**13,588,054**	**(6,061,708)**	**7,526,346**
FINANCE PROFIT/(LOSS)	(666,729)	(4,120)	(670,849)	9,850	(660,999)
PROFIT/(LOSS) BEFORE TAX	**20,077,518**	**(7,160,313)**	**12,917,205**	**(6,051,858)**	**6,865,347**
Segment assets	251,470,919	32,021,805	283,492,724	25,658,356	309,151,080
Segment liabilities	251,470,919	32,021,805	283,492,724	25,658,356	309,151,080

20. Information on environmental issues

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

Consequently, there have been no environmental investments during the period comprised between December 31, 2022 and June 30, 2023.

21. Related-party transactions

Group transactions with related parties from December 31, 2022 to June 30, 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 June 30, 2023 amounts to 481.9 thousand euros (457 thousand euros at June 30, 2022). Senior executive duties are carried out by the members of the Parent Company's Board of Directors.

At June 30, 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 June 30, 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 June 30, 2023 director liability insurance premiums for damages arising in the performance of director duties have been paid for an amount of 18 thousand euros (17 thousand euros at June 30, 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 June 30, 2023 and at the closing date of the interim consolidated financial statements (June 30, 2023) by category, and the breakdown of headcount by gender, are as follows:

June 30, 2023				
		Headcount		
Professional Category	**Number of employees**	**Men**	**Women**	**Disabled employees >33%**
Management team	60	39	21	-
Middle managers and qualified technicians	380	216	164	3
Operations, sales and administrative staff	299	196	103	6
Total	**739**	**451**	**288**	**9**

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**

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

The fees accrued for the audit services provided by the Group's auditors for the limited review of the financial statements at June 30, 2023 amount to 30 thousand euros (25 thousand euros for the audit of the interim separate and consolidated financial statements for the year ended June 30, 2022).

22. Subsequent events

On October 24, 2023, the Parent Company incorporated a Green Commercial Paper Notes Program ("Programa de Pagarés Verdes Holaluz 2023" or the "Program") on the Alternative Fixed-Income Market ("Mercado Alternativo de Renta Fija" or "MARF"), with a maximum outstanding balance of one-hundred million euros (100,000,000 €) and a validity of 12 months starting from today's date.

No other significant subsequent events have occurred.

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Explanatory notes to the interim consolidated financial statements at June 30, 2023

AUTHORIZATION FOR ISSUE BY THE PARENT COMPANY'S MANAGEMENT BODY OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD COMPRISED BETWEN ENDED DECEMBER 31, 2022 AND JUNE 30, 2023

Pursuant to prevailing legislation, the consolidated financial statements for the period comprised between December 31, 2022 and June 30, 2023 have been authorized for issue by the Directors of HOLALUZ-CLIDOM, S.A.

Additionally, the Directors hereby confirm that they have put their handwritten signature to the aforementioned documents by signing this single-sided page that accompanies the consolidated financial statements, which have been drawn up from page 1 to page 62.

Barcelona, October 26, 2023

Ms. Carlota Pi Amorós
Chair

Mr. Ferran Nogué Collgròs

Mr. Oriol Vila Grifoll

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

Ms. Elena Gómez del Pozuelo

Mr. Enrique Tellado Nogueira

Geroa Pensioak
Represented by
Mr. Jordan Sáenz