



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

Holaluz-Clidom, S.A. publishes today key performance indicators and a general update on its business in Q2 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 cofounder
HOLALUZ-CLIDOM, S.A

Quarterly Update

Q3 2023

Executive summary

- Holaluz has undertaken a **very strong focus on operational excellence** implementing decisive measures to improve Gross Margin while reducing operating costs. As a result, Holaluz is currently achieving **record high per customer profitability** in both Solar and Energy Management. That has led to a generation of 9.5 M€ positive free cash-flow in the period of May-August.
- Holaluz is **consolidated at 280+ monthly Solar 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 high decrease in electricity prices relative to 2022 and the high interest rates environment. Moreover, **Holaluz is growing Gross Margin** quarter on quarter thanks to an increase in average installation size, flexible assets penetration and COGS optimization initiatives.
- Holaluz has **decreased its acquisition costs by 44% relative to Q1**: Holaluz has shifted from a lead generation model that almost fully relied on Digital acquisition to a mix of six different channels. In Q3, 40% of Holaluz sales were generated by alternative channels.
- Holaluz value proposition is unparalleled in the market, with **75% of its Solar customers achieving electricity savings larger than 70% and installing in less than 45 days after date of sale.**
- In Energy Management (EM) Holaluz has achieved very strong Gross Profit in Q3 (and Q2) building on the **success of our Tarifa Justa product**, leaving behind the challenges in Q1.
- Holaluz has achieved **strong improvements in EM unit economics** resulting from the move of our portfolio to Tarifa Justa and an ongoing reduction in operating costs; with a 57% reduction in external call center costs and 20% reduction in direct personnel costs vs. 2022

Sustained Solar GM growth q/q with steady 280 monthly solar contracts sales amidst complex 2023 market conditions

Holaluz continues to **experience a clear market slowdown relative to 2022** that the company attribute to a variety of factors: installing Solar in 2022 was a very urgent decision in the mindset of customers given the exceptionally high electricity price environment, current interest rate increases have temporarily impacted the value proposition of financing products and Spain is a market that is still at an early stage (with only 3% solar penetration) where many potential Solar customers are not fully aware of the savings opportunity in their homes.

Industry associations like UNEF or key industry players like AMARA calibrate the decrease of the Spanish residential market in a range between 25 - 50% relative to last year. In that sense, **Holaluz is growing market share** and consolidating its position as one of the most established players in the market.

The total number of sales of own installations (which always have a solar management contract attached) amounted to 748 in Q3 2023. This is a decrease of 37% over the third quarter of 2022 and 21% over the previous quarter.

Solar sales continue stable around 280 sales per month; the decrease relative to Q2 is largely explained by the summer holidays effect in our customers and in our internal sales organisation. Given the challenges in growing the number of sales, Holaluz has undertaken a profound effort to **improve per sale profitability**, focusing on **increasing Gross Profit and decreasing acquisition costs**.

Holaluz has **decreased acquisition costs by 44% in Q3 relative to Q1** through the diversification of its lead acquisition channels, with digital sales only representing ~60% of Q3 sales vs. being the predominant lead acquisition channel in 2022.

In parallel, **Holaluz has improved Solar Gross Margin from 35.7 % in FY22 to 43.8% in H1-23 and 50% in Q3-23** leveraging three effects: (a) **sale of larger installations**: average installation size has increased by more than 30% relative to beginning of year, driven by our Value Proposition of maximising electricity savings; (b) **sale of flexible assets**: Holaluz has achieved a 15% monthly battery penetration since battery product launch in May leveraging our unique agreement with Tesla, increasing our one-off GP per installation; (c) **COGS optimization**: Holaluz has reduced installation costs by 25%+ relative to FY22 leveraging supply chain and installer productivity initiatives

The **structural growth opportunity presented in the last OIR remains firmly intact**: Spain is betting on electrification in the residential sector and transportation as a decarbonization strategy, as outlined in the National Energy and Climate Plan. But these plans are currently not materializing.

In parallel, Europe, in the context of the current geopolitical and energy crisis, has urged member states to review their strategies to achieve more ambitious goals, with a focus on supply security. In this context, the potential of the distributed energy model and electrification of demand to transform Spain is enormous, aided by the amount of sunlight, existing grids, and consumption patterns. Thanks to the distributed energy and demand electrification model, we estimate that families could save more than €85 billion per year.

Distributed Energy Generation

In Spain, there are 10 million domestic rooftops, nearly 7 million of which are single-family rooftops, and the rest are rooftops in multi-family buildings. Additionally, we have an average of 1,400 hours of annual sunlight, compared to just under 1,000 hours in Germany. As of the end of 2022, the number of domestic installations is less than 300,000, which is less than 0.3% of the total. Germany is already above 20%, the Netherlands at 35%, Hawaii at 35%, California reaching 25% – with almost 100% battery penetration. Australia has 1 kW of distributed solar power installed per capita, while in Vietnam, they installed 7 GW of distributed solar on their citizens' rooftops in six months – equivalent to 14 combined-cycle power plants. In Spain, the current battery penetration is virtually non-existent.

Moreover, the Spanish Government has published a new PNIEC with a goal of 19 GW of self-consumption for 2030 (compared to the current ~2 GW installed base of residential installations), which will continue expanding the market. Electricity prices are expected to be twice as much as those before the war in Ukraine and VAT reductions and special taxes reductions are expected to be removed in the short term.

Thus, **the opportunity for The Rooftop Revolution and for Holaluz remains intact**.

Solar sales	Q3 2022	Q2 2023	Q3 2023	% change y-o-y	% change q-o-q
Holaluz own installations*	1180	949	748	-37%	-21%

Note: *Sales differ from the number of installations installed in the table below. Here, we refer to the number of Holaluz installations sold, of which some are installed in the quarter and others are installed in the next quarter.

Holaluz value proposition is unparalleled in the market, with 75% of our customers achieving electricity savings larger than 70% and installing in less than 45 days after sale

Holaluz Value Proposition is centred around generating a **long-term end-to-end relationship** with its customers of 100% renewable electricity.

In Solar, Holaluz clients get a unique package consisting of a Solar installation delivered with the highest quality and safety standards combined with a **guaranteed fixed electricity rate** (our “Tarifa Justa”) which gives customers peace of mind and certainty about the savings after Solar – materialised the first day after installation is complete.

Holaluz clients benefit from the **highest savings in the market**, with more than **75% of customers achieving 70%+ guaranteed savings after Solar**. When combining Solar with batteries, **60%+ of our customers pay 0 € for their electricity needs**.

The number of installations finalised and billed for in the third quarter of 2023 amounted to 579 installations, which is a 23% decrease compared to the previous quarter. This decrease is directly explained by the lower number of solar sales in Q2-23 as well as the summer holiday period impacting our installation workforce.

Holaluz’s vertical integration of the installation internal teams has made it possible not only uphold a position as an industry-leading player, with installations delivered in under 45 days for 90% of the cases, but also to seamlessly integrate larger installations and flexible assets without delays in the delivery process.

Solar installations	Q3 2022	Q2 2023	Q3 2023	% change y-o-y	% change q-o-q
Installed	830	749	579	-30%	-23%

Number of solar contracts under management +50% year-on-year while experiencing sustained growth.

At the end of the third quarter of 2023, Holaluz counted 13,803 solar contracts under management, an increase of 50% y/y (+4,627 solar contracts), as the company continues to build its distributed generation green ecosystem by converting residential rooftops into green electricity generators and connecting them to nearby residential customers via its advanced tech platform and using the proximity network.

The number of electricity and maintenance contracts also increased compared to the previous quarter. The total number of contracts amounted to more than 325,000 at the end of Q3, which can be explained amongst others by the change to Tarifa Justa and the increased sales of maintenance contracts.

Number of contracts (end of period)	Q3 2022	Q2 2023	Q3 2023	% change y-o-y	% change q-o-q
Solar contracts under management	9,176	12,563	13,803	50%	10%
Electricity & maintenance contracts	361,149	325,000+	325,000+	NM	NM
Total	370,325	325,000+	325,000+	NM	NM

Very strong unit economics in Energy Management resulting from Tarifa Justa migration

Holaluz continues to see benefits from the strategic decision to **migrate the electricity portfolio to Tarifa Justa in Q1-Q2 2023**. In H1-23 Holaluz achieved a GM of 14.9% (partially impacted by a weak Q1 where the portfolio was not migrated) and in Q3-23 Holaluz achieved a GM of 29.4%. Holaluz expects to close the year at a GM around 19.5%, a record GM in history.

The migration to Tarifa Justa has generated **45% in-year savings vs. H1 2022 in direct costs to serve EM customers**, as (a) external call center costs have reduced by 57% y/y as customers pay fixed monthly rates and therefore they do not need to contact Holaluz and (b) Direct Personnel cost has reduced by 20% y/y as back-office teams activities (e.g. invoicing) are drastically simplified under Tarifa Justa.

Solar revenue declining less than the number of installations while Energy Management revenue is impacted by lower electricity prices vs. 2022

In the third quarter, solar installation sales amounted to €5.8m, marking a decline of 23% y/y and 12% q/q. This contrasts favourably with the more pronounced decrease in installation volumes, which dropped by 30% y/y and 23% q/q. Such a disparity between revenue and installation declines highlights Holaluz's successful strategy to increase profitability, primarily by the increase in average selling prices (ASP) attributed to a focus on larger-scale installations and the sales of flexible assets.

In Energy Management, revenues decreased by 20% y/y due to lower energy prices and the exit of the gas commercialization business in 2022. On a quarterly basis, revenues have increased by 14%.

Revenues (€m)	Q3 2022	Q2 2023	Q3 2023	% change y-o-y	% change q-o-q
Energy management	221.8	156.5	178.4	-20%	14%
Solar installation	7.5	6.6	5.8	-23%	-12%
Total	229.3	163.1	184.2	-20%	13%

Note: Q3 Figures estimated. Energy Management is the sum of the previously separately reported business lines of Supply and Representation (Route-to-Market). Representation revenues amounted to €94.3m in Q3 2022, €72.8m in Q2 2023, and 103.7€m in Q3 2023.

In Energy Management, the momentum of energy purchased through distributed generation remains strong in Q3 2023 with a growth of +197% y/y and +1% q/q, which consolidates the green energy ecosystem model that Holaluz is building towards a decentralised network of decarbonized, democratised and affordable clean and local energy.

Energy Managed (GWh)	Q3 2022	Q2 2023	Q3 2023	% change y-o-y	% change q-o-q
Energy Sold to Customers	260.7	187.2	187.8	-28%	0%
Energy purchased through centralized PPAs	250.3	187	184	-26%	-2%
Energy purchased through distributed generation	4.3	12.6	12.8	197%	1%
Energy represented	698	1,559	1,468	110%	-6%

Note: Q3 2023 figures are provisional estimates. The definitive data from REE's measurements is received with a typical delay of three months.

Expanding customer-centric and impact-driven business model, scoring four-stars in Trustpilot.

During the first half of the year, Holaluz has shown an outstanding performance in Trustpilot – a platform which collects customer feedback – scoring **Great with 4 stars** (3.9 points), result of more than 4,300 customer reviews on the platform. This represents the highest score in the industry today.

In addition, **more than 53% of total reviews of Holaluz on the platform are registered under 5 stars** (top rating).

This reinforces Holaluz's commitment to put its customers at the core of all decision-making processes. A milestone that we expect to improve, reaching a score of 4 points during Q1-2024.

Financing

Sept 2023 closed with a **net debt position of €66.6M** (€74.9M in Jun23). The **adjusted net debt**¹ amounted to €60.5M. Thanks to the gross profit decisive measures (eg. Tarifa Justa migration) and cost reductions and efficiencies in both energy management and solar businesses, the company has been able to generate cash within Q3-23 and thus, reduce the net debt by €8.2M. Thanks to this **positive trend**, the expected adjusted net debt position in Dec23 will range between €45-50M.

¹ Rooftop loans are loans for solar panel installations granted to customers that are to be repaid over the next 15 years in fixed instalments included in the monthly electricity bill. These loans are a proof of concept for raising an SPV. HL has no intention of granting any further loans until the SPV is raised. The pending capital of the loans (€6.1M in Sept23) 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.