TO BME GROWTH

Barcelona, 26 April 2023

In accordance with the provisions of article 17 of Regulation (EU) no. 596/2014 on market abuse and 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 related 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

Attached to this document is an English translation of the consolidated annual accounts for the year ended 31 December 2022 as well as the management report.

For the audit report, please refer to the original Spanish version of the document.

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
Chief Executive Officer
HOLALUZ-CLIDOM, S.A

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

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

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

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS

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

CONSOLIDATED MANAGEMENT REPORT

AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR ISSUE

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

ASSETS	*Notes*	*12.31.2022*	*12.31.2021*
NON-CURRENT ASSETS			
Intangible assets-	6	**31,692,643**	**15,484,105**
Patents		4,111	4,306
Software		305,373	260,128
Development costs		24,987,198	15,219,671
Other intangible assets		389,392	-
Intangible assets in progress		6,006,569	-
Property, plant, and equipment-	7	**2,102,349**	**841,929**
Land and buildings		549,854	299,402
Technical installations and other PP&E items		1,552,495	542,527
Financial investments-	9	**12,967,908**	**5,711,144**
Loans to third parties		7,409,411	2,633,214
Derivatives	16	4,742,047	2,477,007
Other financial assets		816,450	600,924
Deferred tax assets	18	**19,478,135**	**20,690,349**
Accruals	9	**18.376.562**	**23,354,399**
Total non-current assets		**84,617,596**	**66,081,927**
CURRENT ASSETS			
Inventories-	11	**13,991,979**	**2,350,840**
Commercial inventories		12,809,909	681,326
Prepayments to suppliers		1,182,070	1,669,514
Trade and other receivables-	10	**121,756,030**	**83,048,775**
Trade receivables	17	57,705,724	48,485,760
Other receivables		45,262,640	15,855,748
Receivable from employees		63,830	56,017
Current income tax assets	18	40,316	32,020
Other receivables from Public Administrations	18	18,683,520	18,619,230
Financial investments-		**33,196,464**	**111,585,811**
Loans to companies		4,522	-
Derivatives	9, 16	30,388,848	103,528,159
Other financial assets	9	2,817,043	8,057,651
Accruals	9	**13,628,822**	**10,497,360**
Cash and cash equivalents-	12	**10,339,505**	**9,895,029**
Cash		10,339,505	9,895,029
Total current assets		**192,927,313**	**217,377,815**
TOTAL ASSETS		**277,544,909**	**283,459,742**

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

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

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

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

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

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

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Consolidated Statement of Changes in Equity for the years ended December 31, 2022 and December 31, 2021

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

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

	Notes	12.31.2022	12.31.2021
Profit/(loss) before tax		**-8,647,270**	**-12,302,457**
Adjustments to profit		**72,482,076**	**9,468,772**
Depreciation and amortization (+)		6,312,858	3,997,177
Impairment losses (+/-)		9,569,262	3,448,590
Changes in provisions (+/-)		-	-822,000
Finance income (-)		-8,444	1,345
Finance costs (+)		2,131,930	759,484
Other income and expenses (-/+)		54,476,470	2,084,176
Change in working capital		**-36,740,875**	**34,451,392**
Inventories (+/-)		-11,641,139	-1,653,680
Trade and other receivables (+/-)		-48,277,081	-52,225,666
Other current assets (+/-)		3,093,160	-4,024,241
Trade and other payables (+/-)		20,496,343	92,470,458
Other current liabilities (+/-)		-402,158	-115,479
Other cash flows from/(used in) operating activities		**-2,855,717**	**-760,829**
Interest paid (-)		-2,131,930	-760,829
Interest received (+)		8,444	-
Income tax receipts (payments) (+/-)		-732.231	-
Cash flows from/(used in) operating activities (1+2+3+4)		**24,238,214**	**30,856,878**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Payments on investments (-)		**-39,548,452**	**-100,967,571**
Intangible assets		-22,041,625	-9,044,593
Property, plant and equipment		-1,740,191	-314,139
Other financial assets		-	-73,449,250
Business unit		-	1,015,665
Other assets		-15,766,636	-19,175,254
Cash flows from/(used in) investing activities (6+7)		**-39,548,452**	**-100,967,571**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		**-**	**18,084,940**
Issuance of equity instruments (+)		-	18,080,555
Acquisition of own equity instruments (-)		-	4,385
Proceeds from and payments on financial liabilities		**15,754,714**	**27,844,447**
Issues		22,822,196	28,412,334
Bank borrowings (+)		*22,822,196*	*28,412,334*
Repayment and redemption of:		-7,067,482	-527,887
Bank borrowings (-)		*-4,733,612*	*-527,887*
Other payables (-)		*-2,333,870*	-
Cash flows from/(used in) financing activities (9+10+11)		**15,754,714**	**45,969,387**
Net foreign exchange difference		**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**444,476**	**-24,131,306**
Cash and cash equivalents at the beginning of the period		**9,895,029**	**34,036,333**
Cash and cash equivalents at the end of the period		**10,339,505**	**9,985,029**

1. Activity

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

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

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

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

Its main activity is the marketing of energy in general.

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

The Group's functional currency is the euro.

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

1.1. Subsidiaries

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

- Clidomer Unipessoal, LDA (wholly owned at December 31, 2022) is a sole shareholder company that was incorporated on December 22, 2017 and is domiciled in Lisbon, at plaza Nuno Rodriguez dos Santos, 14-B. Its main activity is the manufacture, purchase, sale and marketing of energy and goods inherent to the electricity market.

- Clidom Italia, SRL (wholly owned at December 31, 2022) is a limited liability company that was incorporated on May 8, 2018 and is domiciled in Milan, via Gabba Fratelli, 4. Its corporate purpose consists in the sale of electricity, gas and other energy products. At the date the financial statements at December 31, 2022 were prepared, the company

is dormant.

- Clidom France, SARL (wholly owned at December 31, 2022) is a limited liability company that was incorporated on September 10, 2018 and is domiciled in Paris at Avenue de l'Opera 14. Its corporate purpose consists in the sale of gas, electricity and other energy products in France. At the date the financial statements at December 31, 2022 were prepared, the company is dormant.

- Holaluz Generación, S.L. (formerly, Orwell Power, SL, wholly owned at December 31, 2022) is a sole shareholder limited liability company that was incorporated on April 6, 2018 and is domiciled in Barcelona at Passeig Joan de Borbó, 99-101. Its corporate purpose consists in the purchase and sale, even at an international level, production and marketing of energy in general, natural gas and telecommunications, even their transfer, regardless of their source of generation and production. It also provides energy, environmental and telecommunications advisory and engineering services. The company started its activity during the year ended September 30, 2020. Additionally, said subsidiary is the sole shareholder of the company Holaluz Rooftop Revolution, SL.

- Clidom Solar, SL (wholly owned at December 31, 2022) is a sole shareholder limited liability company that was incorporated on April 6, 2018 and is domiciled in Barcelona at Passeig Joan de Borbó, 99-101. Its corporate purpose consists in the purchase and sale, even at an international level, production and marketing of energy in general, natural gas and telecommunications, even their transfer, regardless of the source of generation and production, the rendering of advisory and engineering services in the fields of energy, environment and telecommunications.

- Clidom Generación, SL (wholly owned at December 31, 2022) is a sole shareholder limited liability company that was incorporated on September 26, 2019 and is domiciled in Barcelona at Passeig Joan de Borbó, 99-101. Its corporate purpose consists in the production or generation of electricity, including the generation of renewable electricity, and the construction, operation and maintenance of production facilities. This activity can be carried out directly or through the acquisition of an ownership interest in special purpose vehicles that own the generation projects. At the date the financial statements at December 31, 2022 were prepared, the company is dormant.

- Clidom Energía Ibérica, SL (wholly owned at December 31, 2022 and formerly named Bulb Energía Ibérica, S.L.) is a limited liability company that was incorporated on April 30, 2019 and is domiciled in Barcelona at Passeig Joan de Borbó 99-101, 08039. Its corporate purpose consists in the marketing and distribution of electricity from renewable sources.

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

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

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

- Katae Energía, SL (wholly owned by Clidom Solar, SL at December 31, 2022) is a limited liability company that was incorporated on September 25, 2012 and is domiciled in Lleida at calle Marqués de Leganés, 12. Its corporate purpose consists in (i) the promotion of energy efficiency, sensible use of energy and integration of renewable energies, in households and bioclimatic urban spaces, to adopt a sustainable energy system; (ii) the entire construction, repair, restoration, renovation, rehabilitation and maintenance of buildings and civil works, and the intermediation in all types of real estate transactions.

- Gestión Hidráulica Canarias, SL (wholly owned by Katae Energía, SL at December 31, 2022) is a limited liability company that was incorporated on April 13, 2015 and is domiciled in Santa Cruz de Tenerife at Punta de la Vista, 3. Its corporate purpose consists, among others, in the construction, installation and maintenance of solar heating and cooling systems. As described in Note 5, it has been acquired during the current year.

2. Basis of presentation of the consolidated financial statements

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

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

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

a) True and fair view

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

b) Consolidation principles

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

The Parent Company's investment therein has been eliminated on consolidation in the percentage corresponding to the shareholders' equity of the subsidiaries. The differences that have arisen have been assigned, as far as possible, to the assets and liabilities of the subsidiaries, whose fair value at the date of first consolidation is different from that recorded in the books. The remaining amounts, if any, have been allocated to goodwill on consolidation or to the negative consolidation reserve.

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

c) Going concern principle

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

d) Comparison of information

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

c) Accounting principles

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

d) Critical issues concerning the assessment of uncertainty

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

- The capitalization and useful lives of intangible assets (Note 4a and 4b).

- The assessment of possible impairment losses on certain assets (Note 4c).

- The fair value of certain financial instruments (Note 4e).

- Provisions for unbilled income from energy supplied to customers and provisions for expenses for the purchase of energy and cost of tariffs pending invoice

- The estimated projections for assessing the recovery of tax credits related to deductions (Notes 4g and 18).

- Current and non-current accrued expenses and useful lives of contracts with customers.

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

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

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

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

f) Regulatory framework. General overview

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

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

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

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

- The supply of electricity is fully deregulated and all consumers must contract the supply of electricity with a power marketer. As of July 1, 2009 consumers that meet certain characteristics may choose to contract the supply of electricity with a Marketer of Reference and they will apply the 'voluntary price for the small consumer' tariff. This tariff is linked to the hourly price set in the daily market.

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

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

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

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

- The right to consume electrical energy without charges is recognized, as well as shared supply by one or several consumers to take advantage of the economies of scale and administrative and technical procedures for small-power facilities are simplified.

- Self-consumed energy of a renewable, cogeneration and waste origin is exempt from charges and tariffs. Consequently, the charge imposed to self-consumers for the energy generated and consumed in their own facilities, the so-called ‘sun tax’ has been repealed.

- The administrative procedures for facilities of up to 100kW included in the self-consumption without surplus model are simplified, and must exclusively meet the requirements of the corresponding technical regulations and, specifically, the Low-Voltage Electro-technical Regulations. Also, the need to process certain access and connection permits for facilities of less than 15kW included in the self-consumption without surplus model is eliminated. Lastly, self-consumption facilities with less than 100kW power, are exempt from registration in the Administrative Register of Electrical Energy Production Facilities.

- Any consumer is allowed (even if it is not the direct consumer of the market) to purchase power by means of a bilateral agreement with a producer (PPA), driving the economy towards decentralization.

- The coverage of the electricity social tariff is extended, so it is now prohibited to cut off the power supply to households adhered to the social tariff with at least a 16 year old minor or with at least one person with a disability equal to or greater than 33%, among others.

- Additionally, the thermal social tariff is created. This is a direct economic aid so that vulnerable households can pay the heating, and hot water bills, among others.

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

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

- It also eliminated the requirement for nearby facilities to be connected in low voltage to distribution and transmission systems through the grid.

- It amended RD 1183/2020 on access and connection to transmission and distribution systems, releasing self-consumption facilities with excess power installed not exceeding 100 kW from having to deposit economic guarantees for processing the connection to the grid.

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

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

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

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

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

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

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

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

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

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

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

g) Consolidation methodology

Consolidation method

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

Standardization

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

Elimination of internal transactions

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

3. Appropriation of profit/(loss)

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

Proposed appropriation at December 31, 2022	**Euros**
Profit and Loss: Profit	**8,049,216**
Total	**8,049,216**
Appropriation to:	
Reserves	8,041,361
Legal reserve	7,855
Total	**8,049,216**

Proposed appropriation at December 31, 2021	**Euros**
Profit and Loss: Loss	**(4,827,071)**
Total	**(4,827,071)**
Appropriation to:	
Prior -year losses	(4,827,071)
Total	**(4,827,071)**

4. Recognition and measurement accounting policies

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

a) Intangible assets

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

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

a.1) Industrial property

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

a.2) Development costs

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

- The related assets are specifically itemized by project and costs are clearly established so that they can be distributed over time.

- It is possible to demonstrate the technical feasibility and financial profitability of the project.

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

a.3) Software

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

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

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

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

b) Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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, 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, is considered to be the transaction price, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs. That is, inherent transaction costs are capitalized.

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

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

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

Financial assets at cost

The Group includes in this category:

a) Investments in group companies, joint ventures and associates (separate financial statements).

b) Other investments in equity instruments whose fair value cannot be determined by reference to a quoted price on an active market for an identical instrument or be reliably measured, and derivatives whose underlying assets are these investments.

c) Hybrid financial assets whose fair value cannot reliably be measured, unless they meet the requirements for them to be recorded at amortized cost.

d) Contributions made as a result of joint account contracts or similar agreements.

e) Participation loans that accrue contingent interest, either because they are agreed at a fixed or floating interest rate conditional on the fulfillment of a milestone at the borrower (e.g. obtaining profit) or because they are calculated by reference exclusively to the evolution of the borrower's activity.

f) Any other financial asset that should initially be classified at fair value through profit or loss when fair value cannot be reliably estimated.

Investments included in this category are initially measured at cost, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs. That is, inherent transaction costs are capitalized.

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

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

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

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

Derecognition of financial assets

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

- The contractual rights to receive cash flows from the asset have expired. In this regard, a financial asset is derecognized when it matures and the Group has received the corresponding amount.

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

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

a) The risks and rewards incidental to the ownership of the asset have been substantially transferred. The asset transferred is derecognized from the balance sheet and the Company recognizes the gain or loss on the transaction: the difference between the consideration received, net of attributable transaction costs (including any new asset obtained less any liability assumed) and the carrying amount of the financial asset transferred, plus any cumulative gain or loss directly recognized in equity.

b) The risks and rewards incidental to the ownership of the asset have been substantially retained. The financial asset is not derecognized and a financial liability at an amount equal to the consideration received is recorded.

c) The risks and rewards incidental to the ownership of the asset have neither been substantially transferred nor retained. In this case, there are two possibilities:

- Control is transferred (the transferee has the practical ability to transfer the asset again to a third party): the assets is derecognized from the balance sheet.

- Control is not transferred (the transferee has no practical ability to transfer the asset again to a third party): the Group continues to recognize the asset to the extent to which it is exposed to changes in the value of the transferred asset, i.e. due to its continuing involvement, recognizing as well the associated liability.

Impairment of financial assets

Debt instruments at amortized cost or fair value through equity

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

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

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

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

Equity instruments at fair value through equity

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

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

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

Financial assets at cost

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

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

Interest and dividends received from financial assets

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

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

e.2) Financial liabilities

Recognition and measurement

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

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

Financial liabilities at amortized cost

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

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

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

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

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

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

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

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

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

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

Financial liabilities at fair value through profit or loss

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

- These are liabilities held for trading. A financial liability is considered held for trading if it meets one of the following conditions:
    - 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 canceling the debt has been made (through payments in cash or other goods or services) or because the debtor is legally released from any responsibility for the liability.

- Own financial liabilities are acquired, even if the Group intends to resell them in the future.

- An exchange between a borrower and a lender of debt instruments with substantially different terms, recognizing the new financial liability. Similarly, any substantial modification of the terms of an existing financial liability shall also be recognized, as indicated for debt restructuring.

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

f) Hedge accounting

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

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

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

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

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

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

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

g) Income tax

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

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

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

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

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

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

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

temporary differences amount to 11.7 million euros at December 31, 2022.

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

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

h) Cash and cash equivalents

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

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

i) Grants

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

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

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

j) Provisions and contingencies

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

j.1) Provisions

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

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

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

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

j.2) Contingent liabilities

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

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

k) Related-party transactions

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

l) Income and expenses

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

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

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

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

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

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

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

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

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.

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

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

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

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

o) Inventory

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

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

5. Business combination

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

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

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

In July 2021 Holaluz announced a plan to acquire installation companies, which consolidated and confirmed with the entry into the Parent Company's shareholding structure of Abacon Invest

GmbH and Pelion Green Future Alpha GmbH in December 2021 through a capital increase of 7.5 million euros (Note 13). The Group signed an agreement to acquire its first two installers: Katae Energía SL. (Lleida) and GHC (Gestión Hidráulica Canarias, SL., Tenerife). These acquisitions have allowed Holaluz to consolidate its leadership position in the photovoltaic segment for household customers in the Spanish regions of Catalonia, Levante and the Canary Islands, respectively. Katae Energía has been part of the consolidation scope since July 2021 and GHC since January 2022.

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

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

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

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

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

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

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

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

6. Intangible assets

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

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

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

6.1. Significant movements

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

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

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

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

6.2 Other information

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

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

No intangible assets are located outside of Spain.

7. Property, plant and equipment

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

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

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

7.1. Significant movements

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

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

Additions in transport equipment correspond to the acquisition of vehicles under finance lease agreements for the subsidiary Katae Energía, SL.

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

7.2. Other information

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

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

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

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

8. Leases and similar arrangements

8.1. Operating leases

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

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

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

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

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

maturing in December 2026, for extending the said offices.

9. Current and non-current financial investments

a) Non-current financial investment categories

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

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

Loans to third parties amounting to 7.4 million euros correspond to loans for solar panel installations that the customers will repay in fixed monthly installments included in their electricity bill over the next 15 years (2.6 million euros at December 31, 2021).
These loans were granted for the purpose of starting the activity and as proof of concept for raising an SPV that would make it possible to obtain specific third-party resources and to carry out the business activity rather than using the Company's financing in general. Until the SPV is raised, Holaluz does not plan to grant any further loans in this regard.

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

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

b) Current financial investment categories

Current financial investments are classified based on the following categories:

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

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

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

10. Trade and other receivables

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

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

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

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

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

b) Impairment losses arising from credit risk

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

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

11. Inventories

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

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

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

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

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

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

12. Accruals

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

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

Accruals

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

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

thousand euros at December 31, 2021).

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

13. Cash and cash equivalents

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

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

Current accounts earn market interest rates.

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

14. Equity

a) Share capital and Treasury shares

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

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

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

issuance and putting into circulation of 485,155 new ordinary Parent Company shares. This capital increase was subscribed by three qualified investors: Abacon Invest GmbH, Pelion Green Future Alpha GMBH and MDR Inversiones, S.L.

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

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

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

	12.31.2022	*12.31.2021*
Axon Capital e Inversiones	16.81%	16.81%

b) Legal reserve

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

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

c) Reserves and share premium
Additionally, the breakdown of consolidated reserves is as follows:

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

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

d) Transactions with treasury shares

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

15. Non-current and current payables

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

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

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

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

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

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

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

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

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

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

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

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

Green Promissory Note Program (Programa Pagarés Verdes)

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

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

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

a) Classification by maturity

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

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

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

b) Other information

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

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

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

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

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

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

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

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

16. Trade and other payables

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

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

(*) See Note 18

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

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

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

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

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

	12.31.2022	12.31.2021
Total payments made	829,681,831	610,689,793
Total payments outstanding	114,766,295	115,075,885
Monetary volume of invoices paid by the deadline established in late payment regulations	897,225,720	693,856,631
Percentage of payments made by the established deadline over total payments	95%	96%
(Number of invoices)		
Invoices paid by the deadline established in late payment regulations	3,003,914	3,405,197
Percentage over total number of invoices	77%	94%

17. Hedging transactions using derivative financial instruments

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

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

				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)**

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

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

Over the counter	OTCMAR22	Investment entity	MWh	3,711,656	-
Over the counter	OTCQ122	Investment entity	MWh	5,976,112	(6,379,280)
Over the counter	OTCQ222	Investment entity	MWh	-	(9,246,335)
Over the counter	OTCQ322	Investment entity	MWh	1,935,444	(5,737,819)
Over the counter	OTCQ422	Investment entity	MWh		(6,837,341)
Over the counter	OTCCAL23	Investment entity	MWh		(2,912,700)
Over the counter	OTCCAL24	Investment entity	MWh		(590,724)
Power Purchases Agreement	CAL20_27	Investment entity	MWh	466,155	(30,975)
Power Purchases Agreement	CAL20_26	Investment entity	MWh	6,083,493	-
Total				**41,325,486**	**(95,741,628)**
Net					**(54,416,142)**

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

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

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

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

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

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

18. Nature and extent of risks arising from financial instruments

Qualitative information

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

a) Credit risk

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

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

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

b) Liquidity risk

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

c) Market risk

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

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

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

19. Taxes

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

12.31.2022				
	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

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

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

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

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

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

Deferred tax assets recorded

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

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

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

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

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

Years open to inspection and tax inspections

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

20. Income and expenses

a) Turnover

The distribution of revenue by activity category is as follows:

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

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

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

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

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

b) Cost of sales

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

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

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

c) Employee benefits expense

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

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

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

d) External services

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

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

(*) note 7.1 (leases)

e) Depreciation and amortization

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

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

f) Other income/(losses)

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

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

g) Finance costs

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

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

h) Segment information

The Group classifies its management activity into the following segments:

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

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

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

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

21. Information on environmental issues

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

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

22. Related-party transactions

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

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

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

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

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

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

b) Other information

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

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**

December 31, 2021				
		Headcount		
Professional Category	Number of employees	Men	Women	Disabled employees >33%
Management team	20	11	9	-
Middle managers and qualified technicians	191	116	75	2
Operations, sales and administrative staff	143	67	76	2
Total	**354**	**194**	**160**	**4**

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

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

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

23. Subsequent events

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

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

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

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

Barcelona, March 29, 2023

Ms. Carlota Pi Amorós

Chair

Mr. Ferran Nogué Collgròs

Mr. Oriol Vila Grifoll

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

Ms. Isabela Pérez Nivela

Mr. Enrique Tellado Nogueira

Geroa Pensioak
Represented by
Mr. Jordan Sáenz

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated Management Report for the year ended December 31, 2022

Management Report

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

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated Management Report for the year ended December 31, 2022

BUSINESS PERFORMANCE AND PERFORMANCE OF THE HOLALUZ GROUP

Holaluz is an **energy transition** technology group born with the conviction of being a tool for global change and the purpose of **achieving a world that runs 100% thanks to green energy.**

From a unique strategy of two businesses - installation of solar panels and energy management - and with the vision of creating the **largest green energy community in Southern Europe**, Holaluz builds a green ecosystem in homes by transforming m2 of rooftops into 100% renewable electricity producers and optimising the efficiency of its installations through flexible assets such as EV chargers and batteries. This solution improves the efficiency of the entire electricity system through the coupling of production and consumption curves in a context of high renewable penetration, offering the owners of solar panel installations the possibility of producing, consuming, storing and selling their own green energy in a flexible way.

In short, a holistic vision of energy management that consolidates the company as a top player in energy transition.

Holaluz's obsession is to put customers at the forefront of all its decisions, building a relationship of mutual trust. The company focuses on providing the best experience to its customers and offering them a saving thanks to technology and intensive use of data. Examples of this strategy are the use of artificial intelligence to speed up the implementation of customer-focused solutions and the optimization of solar surpluses to offer customers bigger savings.

The company operates in Spain and has operating licences in several countries, such as Portugal. Most suppliers producing renewable electric power are located in Spain.

Social impact - ESG

Holaluz was born ESG. It is a leader in the transformation of the Spanish energy sector, generating shared value for our stakeholders, meeting their needs and expectations, with the aim of maximising its positive impact on society and the environment.

As a result of this policy and organisational culture, in 2018 Holaluz was the first European electricity company to be awarded the **BCorp** certification, which works to transform the system in favour of a fairer and more inclusive and regenerative economy.

Additionally, in January 2023 Holaluz **ranked no.1 in Sustainalytics-Morningstar's global ESG risk ranking** in the category *Independent Power Production and Traders.*

Holaluz team

Holaluz strongly believes that **it is the people who make companies**, and has therefore created an ecosystem where our teams can grow holistically and deliver the best version of themselves. Holistic development of our teams is promoted through a corporate culture based on two pillars: **flexibility and autonomy**. This is how work-life balance is achieved, through goal-oriented work and flexible schedules, for example. Thanks to this system Holaluz is now an egalitarian company across all decision-making levels. There are currently two teams, the technology team and the solar team, which have traditionally been highly male-dominated, where the company is implementing specific measures to promote parity, such as quotas with meritocracy.

Additionally, the company is organised in purpose-oriented teams with dedicated OKRs aimed at guaranteeing that high-impact goals are achieved across the business.

Holaluz has an Employee Development Policy that includes measures and processes to define, design and disseminate an employee management model allowing us to attract, promote and retain talent, as well as promoting the personal and professional growth of all the people who already belong to Holaluz's team.

As of December 31, 2022 the headcount consisted of 752 employees (354 employees at 12.31.21), of which 402 belonged to the Solar team. In 2022, Holaluz has strengthened its structure in order to carry out The Rooftop Revolution and has hired a large number of solar experts (sales team) and solar installers, as well as support employees in the other teams of the organisation.

Scalability is essential in the electricity marketing business. Consequently, the Company is committed to human capital, and especially to technological profiles, to adapt its systems to a capacity that allows it to bill over 1 million customers. In 2022, headcount shows a net increase of 398 employees (65 employees in 2021, with 354 employees at 2021 year end), mainly in the business development and technology teams, as well as in the solar team, with highly significant growth in 2022.

This **Management Report** includes the **Integrated Report** for the year ended December 31, 2022.

Value-added offer to our customers

Holaluz's business consists in **selling green energy with a margin**. Its value-added offer in the business of 100% green energy marketing consists in **passing the savings on to the customer through technology and innovation**, and in efficient customer acquisition. Through a unique combination that connects people to green energy and transforms every m2 of rooftop into a place for producing distributed green energy, a virtuous circle is created that allows prosumers to be connected to nearby communities from the surpluses generated by the owners of solar installations. All this increases the company's positive impact and democratises access to Km 0 green energy.

Holaluz was founded in 2010 as a 100% renewable electricity marketing company that has been connecting people to green energy, through the purchase of energy from independent centralised producers certified by the CNMC via PPAs (long-term energy purchase and sale contracts). In June 2020, Holaluz went one step further in the creation of social, environmental and economic value by launching **The Rooftop Revolution**, aimed at transforming every m2 of rooftop into green and cheap electricity for everyone. This movement aims to transform the current electricity generation model - centralised and non-renewable - into a model that combines centralised and distributed generation.

As of December 31, there were ~300,000 contracts. The main reason for the reduction in the customer portfolio in 2022 is the discontinuation of the gas marketing business, which was completed during the fourth quarter of 2022 (further details below) and affected approximately 70,000 customers. As of December 31, 2022 there were 4,000 active gas contracts. Excluding the discontinuation of the gas business, the number of contracts remained stable.

More than 90% of Holaluz's customers are households and the rest are SMEs with a household behaviour. It is a highly atomised portfolio with an average bill per customer between 80-100 euros per month. Bills are issued on a calendar-month basis. The process for collecting the energy consumed during the month takes place during the first working days of the following month. In the event that the bill is returned, a very strict process starts that follows the timing established by Royal Decree 897/2017 of October 7 regulating the criteria for applying the measures for cutting off power supply.

3,412 solar panel projects had been implemented in the solar business in 2022; within the process to consolidate The Rooftop Revolution. As shown in the table below, 2022 shows an upward trend.

Solar installations	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Installed	551	763	830	1,268

At the same time, surplus management contracts have continued to increase steadily. At year-end 2022, Holaluz had **11,384 solar contracts under management** .

Discontinuation of the gas marketing activity, delivering 10 million euros in savings to customers in a context of an energy crisis

Holaluz started marketing gas in November 2015 as an additional service for its electricity customers and with the commitment to end this business when there was a clear sustainable alternative.

In October 2022, Holaluz decided to discontinue the gas marketing activity for the benefit of its customers and as a solution against the urgent climate emergency. The extraordinary situation in the market accelerated this decision. Ending the gas marketing activity is the company's commitment to The Rooftop Revolution.

As a result of this decision, Holaluz customers will save more than 10 million euros in the first quarter of 2023 alone. Additionally, this decision results in a reduction in the Company's greenhouse gas emissions and strengthens the Company's commitment to decarbonisation and the Paris Agreement and European Green Deal goals.

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated Management Report for the year ended December 31, 2022

Main KPIs of the consolidated income statement at December 31, 2022

Consolidated revenue at 2022 year end amounted to 919.8 million euros (571.5 million at December 31, 2021). Normalised EBITDA[1] amounted to 14.3 million euros (-2.1 million euros at December 31, 2021):

€m	12.31.22	12.31.21	% variation
Sales	**919.8**	**571.5**	**61%**
energy management	889.1	566.1	57%
solar	30.7	5.4	464%
Sales margin	**83.2**	**31.4**	**148%**
Normalised operating expenses[2]	**-49.8**	**-24.9**	**100%**
Normalised EBITDA[3]	**14.3**	**-2.1**	**-**
EBITDA	**-0.2**	**-7.3**	**-**

[1] Normalisation of EBITDA derives from the accounting change introduced by the Resolution dated February 10, 2021 issued by the Spanish Accounting and Audit Institute (ICAC) enacting the regulations for recognising, measuring and preparing financial statements for the recognition of revenue from the delivery of goods and rendering of services. The said resolution provides that incremental costs of obtaining a contract shall be recorded as Short-/Long-term Periodifications in the assets side of the consolidated balance sheet and under Other operating expenses in the consolidated income statement.

That is, customer acquisition costs are no longer amortised, but the portion corresponding to the year is taken to the income statement (to advertising and publicity) and the rest is accrued in the balance sheet. This criterion has been adopted as from January 1, 2021, amending the comparative figures in both the balance sheet and the income statement.

The impact of ICAC's resolution on the calculation of EBITDA amounts to 5.2 million euros at December 31, 2021 and 14.2 million euros at December 31, 2022. Normalised EBITDA has been calculated by reclassifying 14.5 million euros related to OPEX to Depreciation and Amortisation, following the criterion applied in prior years and prior ICAC's resolution.

[2] As EBITDA, normalised operating expenses do not include accruals (previously amortisation of customer acquisition costs. They do not include the "Other income" heading. Normalised operating expenses have been calculated based on Other operating expenses amounting to 64.3 million euros (30.1 million euros at December 31, 2021) and reclassifying 14.5 million euros related to OPEX to Depreciation and Amortisation, following the criterion applied in prior years and prior ICAC's resolution (5.2 million euros in 2021).

[3] EBITDA and Operating expenses have been normalised considering the customer acquisition costs as CAPEX/amortisation, in line with the vision that company management has of them. On February 10, 2021 a resolution issued by ICAC, the Audit and Accounting Institute, enacted a regulation on the recording of customer acquisition costs and established that they had to be considered in the Company's assets as current/non-current periodifications and the corresponding accrual shall be included in Operating expenses.

Sales

In 2022, the Company showed revenue of 919.8 million euros (571.5 million euros in 2021). This 61% increase was due to (i) the increase in the volume of represented energy; (ii) the high electricity prices as a result of collapsed energy markets; and (iii) growth in the solar business. Revenue from the **energy management** business (commercialisation of electricity and gas and representation and management of solar panel installation surpluses) was 1.57 times higher in 2022 than in 2021. Revenue from the solar business (solar panel installation projects) was 5.7 times higher than in 2021.

Revenue from **electricity and gas commercialisation** accounted for 51% (52% in 2021) of total revenue. The amounts billed were 1.6 higher than in the same period of the prior year.

The **sale of solar panel installations** increased from 1% to 3% over total revenue from consolidated sales. Revenue from solar projects also includes projects that the subsidiary Rooftop Revolution, SL (wholly-owned by Holaluz-Clidom, SA) finances through 15-year loans granted to customers. The repayment of the loan (fixed monthly instalment of principal + interest) is offset by a fixed portion of surplus savings generated by the installation that Holaluz purchases from the customer so that once the loan is repaid, the saving for the customer, compared to the current electricity bill, may be more than 60%. Revenue from solar substantially increased in percentage terms (+471%), from 5.4 million euros at December 31, 2021 to 30.7 million euros at December 31, 2022, as a result of the **Solar First** strategic approach of **The Rooftop Revolution**[4].

As a result of strong growth in the representation activity, due to both represented energy and the price at which this energy has been sold (in a context of rising prices from mid-2021 to the fourth quarter of 2022), the weight in revenue from this activity doubled in 2021 up to 47%, remaining stable in 2022 at 46%.

---

[4] Additionally, Holaluz, through its subsidiary Clidom Solar, instals solar panels for rooftop owners and manages their energy production, offering in exchange a monthly fixed discount in their electricity bill as from the first month. Holaluz works on a several stage plan that prioritises private rooftops in its launch stage. In the following stage, the proposal will be extended to communal rooftops and services sector rooftops. The sales margin of installations funded through the subsidiary Rooftop Revolution, SL is reflected in the subsidiary Clidom Solar, SL (wholly owned by the parent) and in the consolidated financial statements. The parent Holaluz-Clidom, SA acts solely as an agent for collecting the loan instalment, included in the monthly electricity bill, which also includes the fixed portion of surplus savings. The proceeds from this loan instalment is subsequently transferred to the subsidiary Rooftop Revolution, SL as the holder of the loans.

Although Holaluz does not obtain profit from the representation business, it does allow the Parent Company to compensate its selling position (as a representative agent) and buying position (as a supplier) in OMIE. Therefore, the final amount to be paid on a weekly basis in OMIE is the net resulting amount. The purpose of Holaluz is to reach a balance between buying and selling positions to reduce to a minimum the guarantees to be given in OMIE. This activity is also interesting for working capital management purposes, which is essential in an environment in which power marketers must pay their energy purchases weekly and do not get paid from their customers until the following month. The large representation contracts that have been concluded since the second half of 2020 and over 2021 and 2022 have allowed the Group to increase the amount of energy represented in the market up to 3.6GWh at December 31, 2022. As a result, turnover of the representation activity has substantially increased, amounting to 420.7 million euros in 2022 (269.2 million euros at December 31, 2021), that is, 1.6 times higher than last year's.

As energy markets are integrating until reaching the European Energy Union, positioning in the several European markets and integration has been key to companies. In the first place, Holaluz has focused on Portugal, a market that is already integrated with the Spanish market through OMIE. For that purpose, the subsidiary Clidomer was incorporated in 2018. This is a company wholly owned by the Parent Company Holaluz-Clidom, SA, whose representation activity started in July 2018. The Portuguese subsidiary, focused exclusively on the representation business and PPAs, shows revenue of 26.0 million euros (70.6 million euros at December 31, 2021).

OMIE is the electricity market operator in the Iberian Peninsula where almost all energy purchase and sales transactions are closed. It is a market where energy that is actually going to be produced by the generators and consumed by the customers is purchased and sold. Electricity cannot be stored. Therefore, 24 auctions are held every day (plus intraday auctions). The matching price (purchase – sale) varies hour by hour and, consequently, it is indispensable that margin is guaranteed by means of financial futures contracts and power purchase agreements (PPAs). These futures transactions to ensure margin are necessary because the selling price to the customer is fixed over 12 months, whereas the price of energy in OMIE is highly variable. Thus, through financial derivatives (mainly futures and forwards to which the PPAs explained below have been added) and physical PPA's Holaluz can cover price fluctuations in the energy market.

Gross Margin

Holaluz's goal is to sell green energy with a margin to paying customers.

In 2022, consolidated gross margin amounted to 83.2 million euros (31.4 million euros in 2021), which means a 165% YoY increase, equal to 9% of sales (5.5 in December 2021).

The margin for 2022 in **energy management** has increased from 5.4% (December 2021) to 8.1%. In a context of high volatility in energy prices in the electricity market (OMIE), stable costs in energy sales is achieved through an optimal hedging strategy that guarantees gross margin and, consequently, business profitability. The Company closes futures deals in Spanish (OMIP and MEFF) and international (EEX) financial energy markets,PPAs (both physical and financial) and also OTCs (Over the Counter) deals to hedge the energy purchased for its customers and thus cover the risk of fluctuations in prices and the corresponding impact on trade margin. In the **solar** business gross margin grew by 36% in 2022.

Personnel expenses increased substantially in 2022 from 2.3% over total sales in December 2021 (13.4 million euros) to 3.2% (29.5 million euros). The structure of the solar team has been expanded with the hiring of solar experts (sales people) and installers to reach a substantial amount of internal installations in 2023.

Normalised operating expenses amounted to 49.8 million euros (24.9 million euros at December 31, 2021), equal to 5.4% of sales (4.4% in 2021). They increased as a percentage of revenue. Normalised operating expenses have been calculated by reclassifying 14.5 million euros related to OpEx to Depreciation and Amortisation, following the criterion applied in prior years and prior to ICAC's resolution (5.2 million euros in 2021).

Normalised EBITDA amounting to 14.3 million euros is 7 times higher than in the same period of the prior year (-2.5 million euros). Stable operating and personnel expenses In the **energy management** business, operating and personnel expenses, which were stable as a percentage of revenues, together with an improvement in the gross margin for the marketing of electricity and gas, allowed Holaluz to **finance growth in the solar business** and overcome consolidated losses of -2.5 million euros in 2021, reaching a positive normalised EBITDA of 14.3 million euros in 2022.

This increase in normalised EBITDA allowed Holaluz to improve **net profit/(loss) for the year** in 2022 (-5.1 million euros) compared to losses of 8.4 million euros in 2021.

Balance Sheet

Holaluz uses PPAs to buy a portion of the energy that it sells to its customers. At year-end, the Parent Company and the Portuguese subsidiary Clidomer have signed a total of 46 PPAs (purchase of energy from renewable energy producers) for the physical delivery of energy at a fixed price at the beginning of the agreement and for a determined period of time ranging between 1 and 10 years. These agreements, due to their nature (physical delivery of energy), are not considered hedging derivative contracts. Consequently, they are not presented in the consolidated balance sheet (nor the potential tax effect thereof). However, the Directors consider that they must be considered in order to analyse the perspective and understand the Company's financial position as a whole.

The fair value of these contracts considering the MtM, that is, considering the amount of energy to be delivered, the period and the expected price, amounts to 93 million euros (158 million euros at December 31, 2021), of which 53.4 million euros are expected to materialise during 2023 and the rest, 39.6 million euros, from 2024 onwards.

Consequently, in order to show the cash flows, assets and obligations for next year, the directors have decided to present the Company's balance sheet that would result from giving rise to the aforementioned PPAs (unrealised assets) as well as the related potential tax effect at December 31, 2022 and 2021 (for comparative purposes):

Assets[5]

€m	(normalised) 12.31.22	(normalised) 12.31.21	(Spanish GAAP) 12.31.22	(Spanish GAAP) 12.31.21
NON-CURRENT ASSETS	**124.2**	**96.7**	**84.6**	**66.1**
Intangible assets	31.7	15.5	31.7	15.5
Property, plant & equipment	2.1	0.8	2.1	0.8
Financial investments	52.6	36.5	13.0	5.7
Deferred tax assets	19.5	20.7	19.5	20.7
Long-term periodification	18.4	23.4	18.4	23.4
CURRENT ASSETS	**246.3**	**344.7**	**192.9**	**217.4**
Inventories	14.0	2.4	14.0	2.4
Trade and other receivables	121.8	83.1	121.8	83.0
Financial investments	86.6	238.9	33.2	111.6
Short-term periodification	13.6	10.5	13.6	10.5
Cash and cash equivalents	10.3	9.9	10.3	9.9
TOTAL ASSETS	**370.5**	**441.5**	**277.5**	**283.5**

In accordance with Spanish GAAP, at 2022 year-end, **Holaluz's consolidated balance sheet amounted to 277.5 million euros** (283.5 million euros at December 31, 2021). The variation of -6.0 million euros is mainly due to: (i) an increase in fixed assets (property, plant and equipment and intangible assets) and in loans to customers of The Rooftop Revolution, and (ii) a reduction in current assets of 24.5 million euros basically as a result of the decrease in current derivatives (see comment below).

The increase in **intangible assets** includes the capitalization of work performed by the company for an amount of 7.0 million euros at December 31, 2022 (4.5 million euros at

[5] The review of the normalised balance sheet is not part of the audit procedures carried out to review the financial statements for the year ended December 31, 2022, which are established in the verification of accounts in accordance with Spanish GAAP. The normalised balance sheet is obtained from adding the MtM of physical PPAs at 12.31.22, 93 million euros, to the audited trial balance, in accordance with financial management reports of the Parent Company.

December 31, 2021). It corresponds to the technological innovation project related to the vertical integration of all distributed generation and **Smart Supply** processes (billing by monthly fixed fees) in which the company has been immersed since the beginning of 2021 (4.7 million euros), as well as capitalisation of all development projects related to automation and scalability in the **solar** business (2.3 million euros).

The increase in **property, plant and equipment** is due to the renovation works and installations carried out in the Barcelona **headquarters**, and has been recorded entirely in the Parent Company.

The balance of 13 million euros in **non-current financial investments** includes **7.4 million euros from loans for solar panel installations** to be repaid in fixed instalments over the next 15 years and charged on a monthly basis in the customer's electricity bill. These loans were granted as proof of concept for raising an SPV. Holaluz has no intention of granting any further loans until the SPV is raised. Additionally, there are **non-current derivatives** amounting to 4.7 million euros (2.5 million at December 31, 2021).

In the preparation of the consolidated balance sheet, the ICAC's resolution dated February 10, 2021 has been considered, which sets forth that incremental costs of acquiring a contract shall be accounted for as current/non-current periodification in the balance sheet, whereas in the income statement they shall be recorded under "Other operating expenses". This criterion has been applied in the Parent Company since January 1, 2021. At December 31, 2022 a total amount of **32.0 million euros** has been capitalised under **non-current or current accruals** (33.9 million euros at December 31, 2021) substantially for **incremental costs of acquiring customers**.

At December 31, 2022 **current assets** in the consolidated balance sheet in accordance with Spanish GAAP amount to **192.9 million euros**, of which 30.4 million euros are **derivatives** (103.5 million euros in December 2021). **Inventories** include gas not consumed by customers due to the discontinuation of this activity in the last quarter of 2022. **Trade receivables** have significantly increased compared to the prior year (+38.7 million euros) as a result of the rise in prices applied at the beginning of 2022 to electricity and gas bills, as well as the increase in solar activity. It should be noted that as a result of the several Spanish Official Gazettes (BOEs) that have come into effect since June 2021, electricity VAT has been reduced from 21% to 10% (June 2021) and to 5% (June 2022); and gas VAT has been reduced from 21% to 5% (September 2022). As a result, VAT payable to public administrations amounts to 18.6 million euros at December 31, 2022.

Cash has slightly increased up to 10.3 million euros at December 31, 2022 (9.9 million euros at December 31, 2021). The movements in **net debt** are as follows:

€m	12.31.22	12.31.21
Non-current bank borrowings	23.4	19.9
Current bank borrowings	40.8	26.3
Current other payables	8.4	10.7
Cash	-10.3	-9.9
Net debt	**62.3**	**46.9**
Rooftop loans	-7.5	-2.6
Adjusted net debt	**54.8**	**44.3**

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; Holaluz has no intention of granting any further loans until the SPV is raised. The year-on-year amount of the loans has been deducted since it is considered that they should not be part of the balance sheet in a continuing context of business activity, but rather be transferred to the raised SPV.

At December 31, 2022, **consolidated adjusted net debt** amounted to **54.8 million euros**, 10.5 million euros higher than at December 2021. This increase in debt is due to the investment being made by the parent company, Holaluz-Clidom, SA, to finance the solar business and foster its growth and scalability in order to create long-term value in two businesses, **energy management** and **solar**, that feed back into each other in terms of profit generation.

Liabilities[6]

€m	(normalised) 12.31.22	(normalised) 12.31.21	(Spanish GAAP) 12.31.22	(Spanish GAAP) 12.31.21
EQUITY	**89.4**	**125.6**	**19.7**	**7.1**
Capital and reserves	42.8	48.0	42.8	48.0
Valuation adjustments	46.6	77.7	-23.2	-40.8
NON-CURRENT LIABILITIES	**59.3**	**87.3**	**36.1**	**47.8**
Long-term debt	36.1	47.8	36.1	47.8
Deferred tax liabilities	23.3	39.5	0.0	0.0
CURRENT LIABILITIES	**221.8**	**228.5**	**221.8**	**228.5**
Short-term debt	77.6	104.8	77.6	104.8
Trade and other payables	144.0	123.1	144.0	123.1
Accruals	0.3	0.7	0.3	0.7
TOTAL LIABILITIES	**370.5**	**441.5**	**277.5**	**283.5**

Consolidated **shareholders' equity** (in accordance with Spanish GAAP) decreased by 5.1 million euros in 2022, reaching 42.8 million euros at year-end.

Equity shown in the consolidated balance sheet includes the **valuation adjustments** from the recording of the Parent Company's derivatives for the amount of **-23.2 million euros** at December 31, 2022 (-40.8 million euros at December 31, 2021); data in accordance with Spanish GAAP. This amount corresponds to 75% of the difference

[6] The review of the normalised balance sheet is not part of the audit procedures carried out to review the financial statements for the year ended December 31, 2022, which are established in the verification of accounts in accordance with Spanish GAAP. The normalised balance sheet is obtained from adding the MtM of physical PPAs at 12.31.22, 93 million euros, to the audited trial balance, in accordance with financial management reports of the Company.

between the spot price on December 31 and the price at which the hedging deals were closed (25% of the MtM price is recorded in deferred taxes). It should be noted that this data is not complete within Holaluz's hedging strategy, as the impact of the MtM of the physical PPAs should be included, which gives rise to equity up to 89.4 million euros at year end (125.6 million at December 31, 2021).

At the general meeting held on October 25, 2019, the Parent 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 amount of 30 million euros (nominal amount + share premium). Next, it was resolved that all the shares issued through the said public offering be traded on BME Growth so that the Company's Board of Directors could execute the corresponding capital increase amounting to 30 million euros, fully paid in.

On September 30, 2021, 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, the Parent Company entered into a subordinated financing transaction convertible into Company shares for the amount of 11.36 million euros, whose conversion was approved by the shareholders at the general meeting held on November 9, 2021, through the corresponding capital increase for the same amount.

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

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

Non-current liabilities in the consolidated balance sheet, in accordance with Spanish GAAP, amounted to **36.1 million euros** (47.8 million euros at December 31, 2021). The variation is mainly due to the reduction of 15.2 million euros in the Parent Company's **non-current derivatives**, amounting to 12.7 million euros at December 2022 (27.9 million euros at December 2021). **Non-current bank borrowings** amount to 23.4 million euros at year-end and correspond almost entirely to the Parent Company.

Consolidated **current liabilities** in accordance with Spanish GAAP have decreased, amounting to **221.8 million euros** (228.5 million euros at December 31, 2021). **Short-term debt** decreased by 27.2 million euros due to: (i) a reduction of 39.4 million euros in

current derivatives; and (ii) an increase of 12.2 million euros in bank borrowings and other financial liabilities, both corresponding to the Parent Company. **Accounts payable to suppliers and creditors** have increased by 20.9 million euros, amounting to 143.9 million euros at 2022 year end.

The average payment period to suppliers is 51 days, as disclosed in Note 16.1 to the financial statements 'Information on the average payment period to suppliers. Additional Provision Three. 'Disclosure requirements' of Law 15/2010, of July 5.

Working capital

In 2022, Holaluz group companies have been subject to continuing working capital requirements mainly to finance the purchase of stocks for the solar business (in the middle of a growth and consolidation process) and due to the increase in accounts receivable as a result of the rise in electricity and gas prices for customers.

€m	12.31.22	12.31.21
Working capital	-8.2	-37.7
Accounts receivable + inventories	135.7	85.4
Accounts payable	144.0	123.1

Cash flows

€m	12.31.22	12.31.21
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	**24.2**	**30.9**
Profit/(loss) before tax	-8.7	-12.3
Adjustments to profit (+/-)	72.5	9.5
Change in working capital (+/-)	-36.8	34.5
Other cash flows from/(used in) operating activities (+/-)	-2.8	-0.8

CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**-39.5**	**-101.0**
Payments on investments (-)	-39.5	-101.0
Proceeds from disposals (+)		
CASH FLOWS FROM FINANCING ACTIVITIES	**15.8**	**46.0**
Proceeds from and payments on equity instruments (+/-)	0.0	18.1
Proceeds from and payments on financial liabilities (+/-)	15.8	0.0
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**0.4**	**-24.1**
Cash and cash equivalents at the beginning of the period	9.9	34.0
Cash and cash equivalents at the end of the period	10.3	9.9

In 2022, **operating cash flows** amounted to 24.2 million euros, compared to 30.9 million euros in 2021, mainly due to the impact of the items in non-cash hedging costs, whose outflow basically occurred in the fourth quarter of 2021. These are deals closed in EEX, where MtM is settled on a daily basis. In a scenario of rising prices back then, cash flow requirements arose for operations maturing in 2023 and subsequent years. There were also margin calls from bilateral derivative contracts entered into with counterparties. For 2023 the amount recognised in the Parent Company's P&L amounts to 48 million euros, of which 23 million euros correspond to MtM settlements on EEX and 25 million euros correspond to margin calls. Additionally, the subsidiary Clidom Solar stocked up panels, inverters and other minor equipment items with the resulting impact on supplier balances. **Cash flows from investments** decreased from 101 million euros last year to 39.5 million in 2022. **Cash flows from financing activities** declined by 30.2 million euros, from 46 million euros in 2021 to 15.8 million euros in 2022. The company's debt has increased by 15.8 million euros to finance rises in working capital and investment requirements.

Green Promissory Note Program (Programa Pagarés Verdes)

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

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

Environment

Holaluz'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.

Employees

Since May 2018 Holaluz 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. Additionally, the Company complies with equality and non-discrimination regulations.

MAJOR EVENTS AFFECTING HOLALUZ AFTER THE BALANCE SHEET DATE

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

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated Management Report for the year ended December 31, 2022

HOLALUZ OUTLOOK

Holaluz implements the actions described in the Business Plan, focusing on increasing the number of solar systems under management and the product and services portfolio:

- Development and consolidation of the business plan for The Rooftop Revolution.
- Increase in the pace of acquiring contracts.
- Margin guaranteed by market price hedges.
- Structural costs under control due to continuous implementation and enhancement of scalability projects.
- Investments in innovation to make technology the common place in the development of energy-related products and services and create an ecosystem of generation, consumption, optimization and control of energy.
- Actions to acquire bilateral contracts with renewable plants that allow the Company to continue encouraging sustainable growth based on 100% green energy.

RESEARCH AND DEVELOPMENT ACTIVITIES

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

ACQUISITION OF TREASURY SHARES

The Parent Company has treasury shares for an amount of 0.3 million euros at December 31, 2022, pursuant to article 262 of the Spanish Corporate Enterprises Act. Treasury shares at December 31, 2022 account for 0.28% of the Company's share capital and amount to 61,226 shares (38,194 shares at December 31, 2021).

FINANCIAL INSTRUMENTS

Holaluz considers that there are no risks that may affect its transactions other than those indicated in Note 18 to the financial statements.

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated Management Report for the year ended December 31, 2022

AUTHORIZATION OF THE MANAGEMENT REPORT FOR ISSUE BY THE MANAGEMENT BODY

Pursuant to prevailing legislation, the Company's management report for the year ended December 31, 2022 has been authorised for issue by the directors of HOLALUZ-CLIDOM, S.A.

Additionally, the directors hereby confirm that they have put their handwritten signature to the aforementioned document by signing this single-sided page that accompanies the management report, which has been drawn up from page 1 to page 19.

Barcelona, March 29, 2023

Ms. Carlota Pi Amorós

Chair

Mr. Ferran Nogué Collgròs

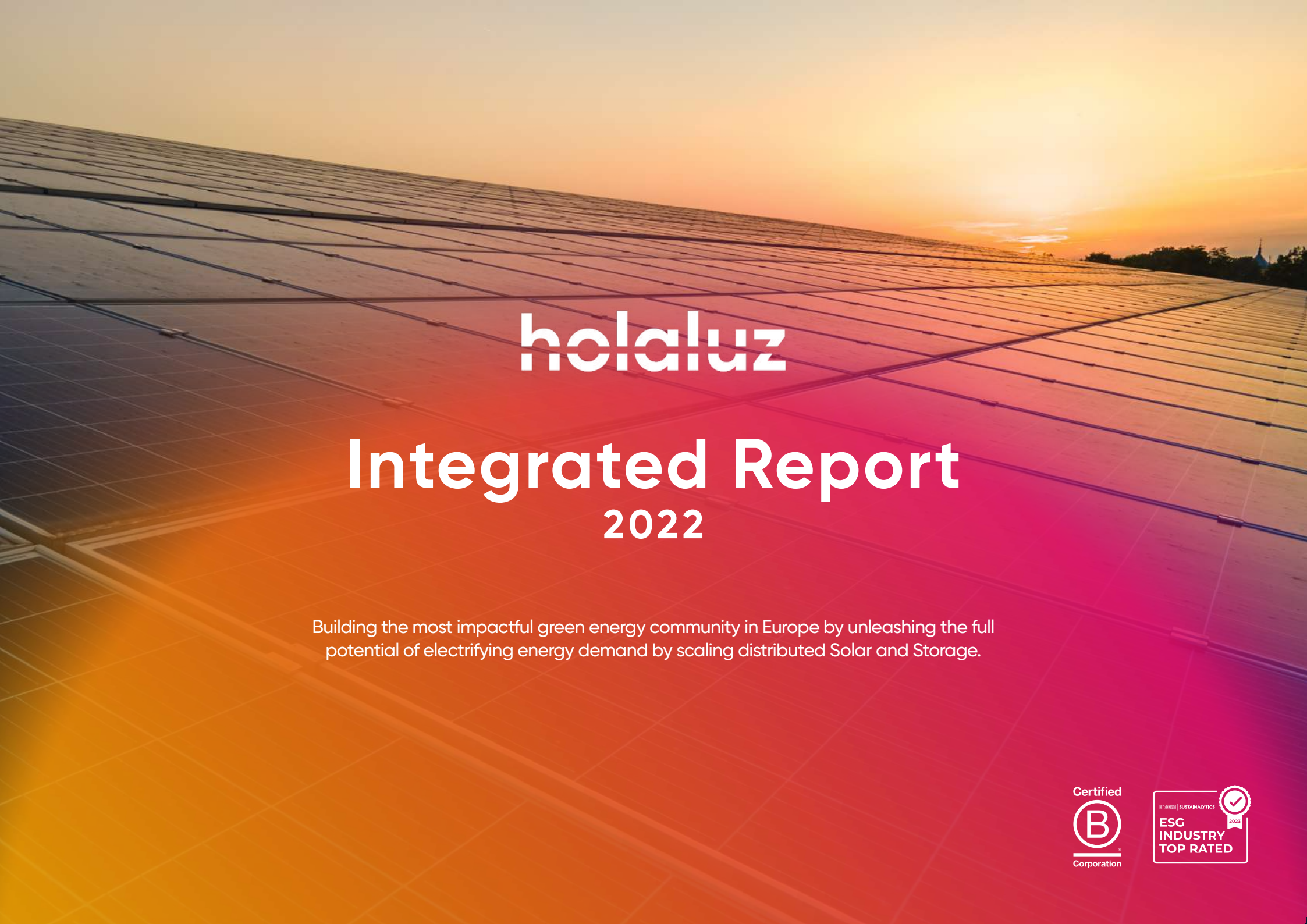
Mr. Oriol Vila Grifoll

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

Ms. Isabela Pérez Nivela

Mr. Enrique Tellado Nogueira

Geroa Pensioak
Represented by
Mr. Jordan Saenz



holaluz

Integrated Report
2022

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

Certified B Corporation

SUSTAINALYTICS
ESG INDUSTRY TOP RATED
2023

INDEX

holaluz

Letter from the CEO 3

About the report 4

1. Holaluz: an energy transition company 5
- About Holaluz 6
- Proposal, vision, values, and value proposition 11
- Impact business model 13
- Holaluz's essence: brand, data, and technology 17
- Recognitions 21

02. ESG Commitment 22
- ESG Strategy 2021-2023 23
- Double materiality analysis 25
- ESG Impact Analysis 26

03. Economic impact 28
- Consolidated financial results 29
- Sustainable finance 39

04. Governance 45
- Organisational structure 46
- Risk and opportunity management 48
- Ethical business conduct 49
- Memberships and associations 53

05. Commitment to the environment 55
- Energy transition 56
- Environmental Management 58

06. Commitment to people 68
- Holaluz as a workplace 69
- Well-being and work-life balance 72
- Participation 75
- Development and growth 76
- Equity and diversity 78

07. Commitment to society 80
- Social action 81
- Customers 84
- Suppliers 86

Annex I – Indicators 88
i. Environment 89
ii. Social 91
iii. Governance 98

Annex II - Taxonomy and climate risks 99

Annex III - Contents 113
i. GRI 113
ii. Integrated report 116
iii. Law 11/2018 118

Annex IV - Verification of the report 124

Letter from the CEO

“Any Revolution is just the impossible waiting to be challenged.”

That’s why we’re showing day after day that The Rooftop Revolution is possible, fueled by a **driving ambition for a green planet and based on real actions.**

Fixing the climate crisis by decarbonizing the economy is easy.
Very easy, in fact.

It will get done by democratising solar, transforming every single one of the 10M available residential rooftops in Spain into green and cheap electricity for everybody while electrifying energy demand. 10M rooftops account for over 50GW of new distributed and 100% green generation capacity. A massive number compared to the current 120GW of total-non green and green-capacity installed.

In 2022 we have taken a giant leap towards **our goal of achieving a 100% green planet.**

It has been a year of deep transformation going from a green tech software development company that mainly did energy management for retail customers to a **fully integrated energy transition company** that is disrupting the way energy is produced, consumed and managed in the country of the sun.

Despite the challenging context of 2022 marked by unprecedented electricity prices and the war in Ukraine, we **have consolidated our leading position as an energy transition company** in Europe by **transforming more than 11,000 rooftops into 100% green energy producers, not only for themselves but also for their communities around them.**

On top of this, our home energy systems are also equipped with flexible assets that allow our customers to increase their monthly savings up to 100%. So far, we have installed more than **1,000 smart electric vehicles chargers** and we have a clear path for the deployment of home batteries in the near future.



And it’s all thanks to our passionate, high-performance team of **752 revolutionaries**. Each and every one of them 100% committed to a planet powered by green energy. In addition, our focus on ending gender bias in the workplace has led us to create the world’s first school for female solar installers, and to commit to equity in technology roles.

Our ESG DNA and impact business model deliver strong financial results while proving that it is possible to build an energy transition company with real impact on people and on climate change. We have managed to avoid **the emission of more than 2.3 million of tons of CO_2** since our foundation and we are committed to the climate targets set by the UNFCCC (United Nations Framework Convention on Climate Change) to keep our planet’s temperature increase to 1.5ºC below pre-industrial levels.

Furthermore, **Sustainalytics** has again rated Holaluz as the **no.1 ESG Risk Rating energy producer company within independent power production and traders subindustry worldwide** and we have adhered to the **United Nations Global Compact**, aligning our activity with the Ten Principles and maximising our contribution to the Sustainable Development Goals (SDGs).

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

Fixing the climate crisis by decarbonizing the economy is within our reach. We just have to keep rowing, rooftop by rooftop, day after day.

Thank you for being part of The Rooftop Revolution.

Carlota Pi Amorós, CEO and cofounder Holaluz.

About this report

This is the first **Integrated Report** published by **Holaluz-Clidom S.A.** (hereinafter "Holaluz," "the company" or "the organisation"), corresponding to the year ended 31 December 2022. Its objective is to report on environmental, social, economic, personnel, human rights-related topics as well as the impact on society resulting from the development of the company's activity.

This **Integrated Report** is available on the corporate website, forms part of the management report and constitutes the Non-Financial Information Statement. The 2022 **Consolidated Financial Statements** presented in this report follow the Spanish General Accounting Plan and include all the subsidiaries of the parent company, Holaluz-Clidom, S.A [1].

The report has been prepared in accordance with the **Integrated Reporting <IR>** framework of the International Financial Reporting Standards Foundation (IFRS) and conveys how the strategy, governance, performance and perspectives of Holaluz impact the creation of value in the short, medium and long term. In addition, the report has been prepared in accordance with the **GRI Universal Standards** and follows the European Commission's guidelines on non-financial reporting (2017/C 215/01) derived from **Directive 2014/95/EU**; the requirements of **Law 11/2018 of 28 December 2018 on Non-Financial Information and Diversity**[2]; and the European Taxonomy. In accordance with legal requirements, the information presented regarding Law 11/2018 and European Taxonomy, has been verified by an independent verification body. The verification report is included in Annex IV.

Any questions or queries regarding its contents should be addressed to investors@holaluz.com.

[1] Subsidiaries of Holaluz-Clidom, S.A: Clidomer Unipessoal, LDA; Clidom Italia, SRL; Clidom France, SARL; Holaluz Generación, SL; Clidom Solar, SL; Clidom Generación, SL; Holaluz Rooftop Revolution, SL; Katae Energia, SL; Gestion Hidraulica Canarias, SL; and Clidom Energía Ibérica.

[2] It includes information on Holaluz-Clidom, S.A. and all its subsidiaries.





01

Holaluz: an energy transition company

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 powered 100% by green energy.**

The current climate emergency requires urgent and sustainable long-term solutions. **Holaluz proposes a structural change:** transforming the current energy generation model - centralised and non-renewable - **towards a new model based on distributed and 100% green generation**.

From a unique combination of two businesses - the installation of solar systems and energy management - and with the vision of creating the largest green energy community in Europe, Holaluz builds a green ecosystem in homes by transforming m^2 of rooftops into 100% renewable electricity producers and optimising the efficiency of its installations through flexible assets such as electric vehicle chargers and batteries. A sustainable and cheaper way for everyone to meet the growing electrification of demand.

The generation model proposed by **Holaluz maximises the potential of each rooftop** allowing, through the development of proprietary technology and the use of data, to distribute to other users the energy generated beyond the self-consumption of the owner of the solar panels. In this way, **the access to green and local energy is democratised**.

Holaluz's purpose is centred on the planet and people. The people in the team can develop holistically, with flexibility, autonomy and parity at all levels of decision-making. All this, together **with a business model of genuine impact and an ESG DNA** have placed Holaluz as **the first European electricity company to receive the B Corp certification**, a seal that gives visibility to companies that innovate to maximise their positive impact on employees, on the communities they serve and on the environment. It is also a founding member of the Conscious Capitalism movement in Spain, a philosophy that recognises the innate potential of business to have a positive impact on the world.

In January 2023 Sustainalytics placed Holaluz at **number 1 in Sustainalytics' global ESG risk ranking** in Independent Power Production and Trader Trader subindustry.

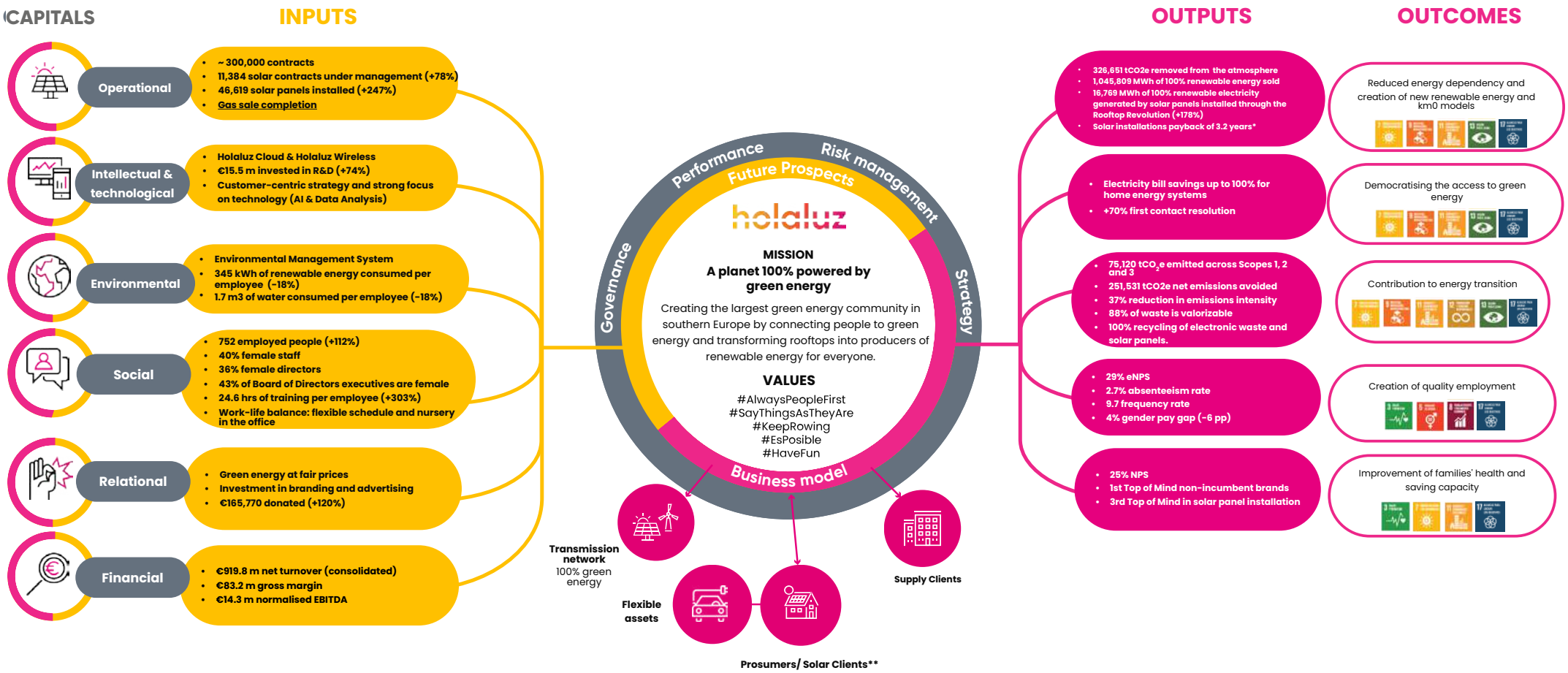
Holaluz is already leading the energy transition in Spain as a top player in the solar segment. Since 2010, the company has managed to **avoid 2.3 m t - CO_2 and more than 11,000 installations** have joined this change of model. A growing energy and social transformation movement known as "*The Rooftop Revolution*".

The company operates in Spain and holds operating licences in different countries like Portugal. Most of the renewable electricity producers are in Spain.



VALUE CREATION MODEL

Holaluz has earned its leading position with its **transcendental purpose and disruptive values**. It manages its capital resources (financial, environmental, intellectual, social and relational) with a **positive impact business model, an ESG DNA and a people-centric transformative strategy** (customers and society). This approach enables it to address critical social and environmental challenges facing our planet such as **decarbonisation, improving people's health, reducing energy dependency**, and creating quality jobs.



Key KPIs and milestones of the year

BUSINESS KPIS

	2022	2021
Number of contracts	~ 300,000*	~350,000
Solar contracts under management	11,384	6,410
Commercialised renewable electricity (MWh)	1,045,809	1,100,027
Commercialised gas (MWh)	209,183	257,824
Normalised EBITDA (M€)	14.3	-2.1
Gross Margin (M€)	83.2	31.4
Taxonomic revenue (%)	3.3 (50.2)[3]	NA
Taxonomic CAPEX (%)	41.7 (70.6)[4]	NA
Taxonomic OPEX (%)	50.7 (75.1)[5]	NA

[3] A total of 3.3% of revenue was generated by eligible business activities aligned with the EU taxonomy. Including commercialisation of 100% green electricity, the proportion is 50.2% and including representation and management of the sales of renewable electricity producers the proportion is 95,9% of operating revenue.

[4] A total of 41.7% of capital expense (CapEx) was generated by eligible business activities aligned with the EU taxonomy. Including commercialisation of 100% green electricity, the proportion is 70.6% of the CapEx.

[5] A total of 50.7% of operating expenses (OpEx) was generated by eligible business activities aligned with the EU taxonomy. Including commercialisation of 100% green electricity, the proportion is 75.1% of the OpEx.

*The main reason for the reduction in the customer portfolio is the decomission of the gas commercialization business, strenghtening Holaluz commitment with sustainability.

ESG KPIS

Environment (E)	2022	2021
Avoided emissions (t CO_2e)	326,651	349,711
Solar modules installed (no.)	46,619	13,432
Pay-back CO_2 emissions from solar installations (years)[6]	3.2	-
Carbon footprint (t CO_2 eq) market based	75,120	71,948
Electricity consumption in Holaluz facilities (kWh)	259,651	148,628
Water consumption (m^3)	1,250	720
Waste generated (tn)	38.7	5.7
Recoverable waste (%)	88	36

Social (S)	2022	2021
Team (no. people)	752	354
Women on the Board of Directors (%)	43	43
Female managers (%)	36.1	45.0
Women in the team (%)	39.6*	45.2
eNPS (%)	29	39
Pay gap (%)	4	10
Accident frequency rate	9.7	-
Severity rate	0.17	-
Training (hours/ employee)	24.6	6.1
First contact resolution (%)[7]	>70	>70
Average client NPS (%)	25	44
Tarifa justa NPS (%)	46	56

Governance (G)	2022	2021
Independent members of the Board of Directors (%)	29	29
Attendance at the Board of Directors (%)	100	100
Communications received alert channel (no.)	28	-
B Corp Certification (score)	103.3	97.1[8]
ESG Risk score by Sustainalytics (score)	11.6	12[9]
Donations to non-profit organisations (€)	165,770	75,220
Digitalisation R&D (M€)	15.5	8.9
Spending on local suppliers (%)	95	98

* including installers and solar experts

[6] Time in which the green energy generated by the solar installation has avoided the same amount of emissions that have been generated in the production of its materials as well as its assembly.

[7] Resolution of the incident by the Customer Care team at the first contact or call.

[8] B Corp impact assessment score, 2018 evaluation. A higher score indicates a greater impact on society and the planet.

[9] ESG Risk score by Sustainalytics, 2020 evaluation. A lower score implies that the company has lower risk.

KEY MILESTONES 2022



The **Energy Management business** has shown **unprecedented good results** improving revenues by 57% and EBIT by +191% compared to FY21. This has allowed the company **to bootstrap the Solar Business for FY22**.



The company's **unique value proposition and top notch operational excellence** resulted **in strong growth in all the numbers of the solar business: 3,400 new solar systems** have been installed in 2022 multiplying by 3 compared to the previous year and solar **revenues have been multiplied by more than 6**, reaching 31 million euros.



The vertical integration in Solar has enabled to significantly increase the number of installations carried out by in-house teams. As a result, **the company's installation lead time is the lowest in the sector, at approximately 45 days**, and the Customer Satisfaction in Solar has increased to 8.3/10.



The energy transition company **has decommissioned gas commercialisation**, for the benefit of customers and as an effective weapon in the face of the unpostponable climate emergency. Thanks to this decision, Holaluz clients saved **more than 10 million euros in the first quarter of 2023** alone. Ending the commercialisation of gas focuses the company definitively and uniquely on The Rooftop Revolution, Holaluz's commitment to make the world run by 100% green energy.



Holaluz has implemented a solid strategy of creating holistic home energy systems **combining solar installations with flexible assets** that allow customers to increase their monthly savings to more than 100%. So far, the company has installed **more than 1,000 EV chargers** and has a clear path for the deployment of home batteries in the near future. Furthermore, Holaluz is a key actor in the V2Market European innovation project that aims to incorporate the capacity of electric vehicle batteries as an element of flexibility in the electrical system.



Holaluz is extremely proud that its ESG DNA and impact business model delivers strong financial results while proving that it is possible to build an energy transition company with real impact on people and on climate change. Sustainalytics has again rated Holauz as the **no.1 ESG energy producer company worldwide** and the company is committed to the climate targets set by the United Nations to keep the **planet's temperature** increase to 1.5°C.



The Holaluz Academy has proven to be a key asset to upskill both our salesforce and installer team. Its creation has helped the company overcome a critical problem in the sector which is the lack of Solar talent; and has helped to enhance the company's value proposition to customers while leveraging operational excellence to achieve better financial results. Holaluz's focus on women has allowed to create **the world's first school for female solar installers**.



Holaluz launched the **first Cloud-based dispatching centre** together with Amazon Web Services (AWS) and Green Eagle Solutions. The new **Holaluz energy management tech platform** aims to help the System Operator (Electricity Grid) to balance generation and demand at all times, enable greater and better integration of renewable facilities and ensure the quality of energy supply. It also allows for better resource management, improved response quality and greater scalability.

Purpose, vision and values

PURPOSE

Holaluz's purpose is to achieve a 100% green planet.

VISION

The company's vision is to build the most impactful green energy community in Europe by unleashing the full potential of electrifying energy demand by scaling distributed Solar and Storage.

VALUES

Holaluz was created with the conviction that a company can be a tool to change the world, and this is reflected in its value proposition.

#AlwaysPeopleFirst

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

#KeepRowing

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

#EsPosible

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

#HaveFun

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

#SayThingsAsTheyAre

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

Value proposition

Customer value proposition **includes +70% guaranteed savings** and an end-to-end customer relationship where **we install in 45 days** and manage electricity with a #1 ESG 100% renewable energy subscription-based product.

Savings

We provide the **maximum savings (70%+)** to our customer through rooftop **maximization and energy management of flexible assets**.

Subscription-based

We **guarantee the savings delivered** to our clients after solar installation through a **monthly fixed subscription-based invoice** (Tarifa Justa), leveraging our heavy use on technology and data to deliver the maximum savings.

End to end customer relationship

We manage the **end-to-end installation process, delivering our solar systems in less than 45 days** for 90% of the customers
Energy management is constantly monitored thanks our technological platform and our maintenance product ensures maximization of customer lifetime value

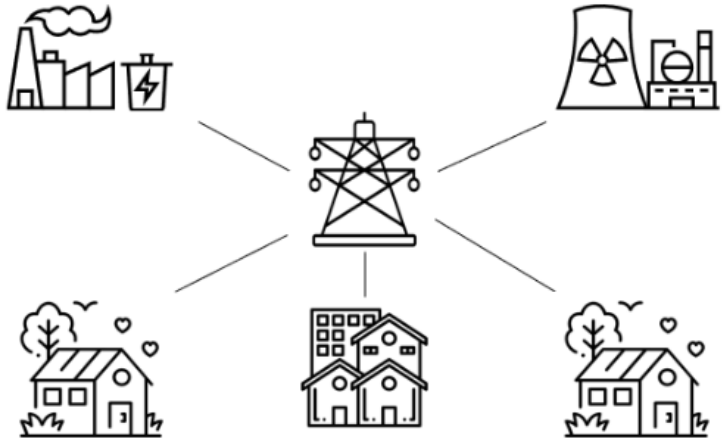
Sustainability

We guarantee **all our electricity is sourced from 100% renewable origin**, both from neighbouring decentralized customers and centralized PPA plants
We are the #1 ESG player worldwide in our category

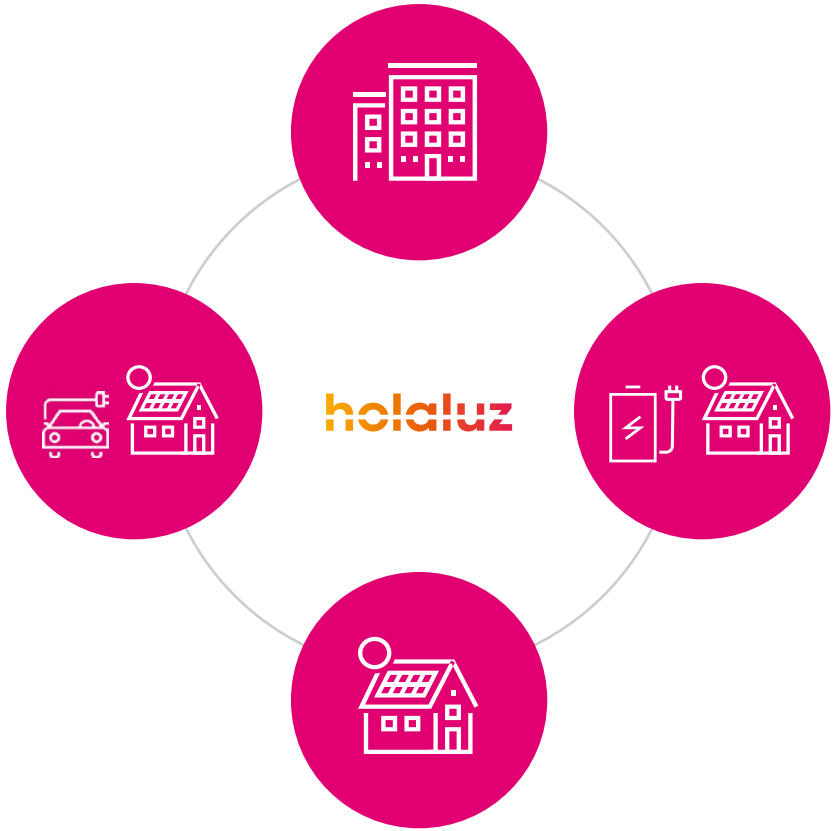


Impact business model

FROM Centralised oligopoly, expensive and polluting, with limited consumer engagement in energy



TO Decentralised, decarbonised, democratised, affordable clean energy



Holaluz's **impact business model** allows the company to **face the global challenges of climate change** and energy transition, while having a positive impact on people and the planet by decarbonizing the economy. This is intrinsic to Holaluz's ESG strategy, part of its DNA, to promote a fair, inclusive, and regenerative economy for the planet and people focused on a totally sustainable world.

Holaluz was founded in 2010 as a green tech software development company that mainly did energy management for retail customers by buying energy from independent and centralised producers certified by the CNMC through power purchase agreements (PPA). **In June 2020**, Holaluz decided to drive its social, environmental, and economic value by launching The Rooftop Revolution: Holaluz's permanent commitment to creating a world powered entirely by green energy, transforming every m^2 of rooftop into a producer of affordable green energy for everyone. A movement that seeks to transform the current model of electricity generation - centralised and non-renewable - to a model that combines centralised and distributed generation and that relies entirely on renewable energy.

Based on a unique **combination of two businesses** - **connecting people to green energy and transforming every m^2 of rooftop into green energy production** - and with the vision of creating the largest green energy community in Europe, Holaluz is creating a flywheel that connects solar contracts under management with nearby communities that take up the green surplus from their solar installations. All of this increases the company's positive impact while democratising access to clean, zero-kilometre energy.

In addition, Holaluz's solar systems are also equipped with flexible assets that enable customers to increase their monthly savings by up to 100%. To date, the company has installed more than 1,000 electric vehicle chargers and has developed a solid plan for the deployment of home batteries in the near future.

The generation model proposed by Holaluz **maximises the potential of each rooftop**, allowing, through the development of its own technology and the use of data, the energy generated to be distributed to other users beyond the self-consumption of energy by the owner of the solar panels. A sustainable, cheaper way for everyone to meet the growing electrification of demand.

Furthermore, Holaluz Virtual Power Plant (VPPs) is allowing the company to retire fossil fuel plants and build the future electricity network:

- **Electricity is produced and consumed at homes with solar panels and batteries** (home and car), ensuring electricity savings on both the market price and the fixed costs for the system (T&D, etc.)
- **Excess electricity is sent back to the proximity grid**, so other customers with no available rooftops can benefit from green, cheap and km. 0 distributed electricity without T&D costs in the proximity network
- **Flexible assets like batteries and EV chargers** allow the clients to use green and km 0 electricity all day long with minimal system fixed costs

In short, a holistic vision of energy management that **consolidates the company's position as a key player in the solar segment**.



CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The SDGs are a collection of **17 global objectives** adopted by the United Nations in 2015 to achieve a fairer, more sustainable world for everyone. The SDGs cover challenges such as eradicating poverty, guaranteeing quality education, achieving gender equity, protecting the environment and promoting economic growth. **They are a universal call to action to transform the world.** Holaluz's business model is designed to make a **major impact on the achievement of 17 SDGs**, nine of which are particularly relevant.

SDG7
Affordable and clean energy

With a mission to connect people to green energy and turn rooftops into sources of 100% green energy.



SDG5
Gender equity

We believe in empowering women, and we work to ensure the gender balance in all our teams.



SDG13
Climate action

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



SDG9
Industry, innovation, and infrastructure

Our revolutionary business model is based primarily on the invisible technology concept. Although customers don't see the work, they benefit from personalised tariffs based on their consumption habits and energy production.





SDG11
Sustainable cities and communities

We are developing a distributed energy production model by selling green energy and with the Rooftop Revolution.

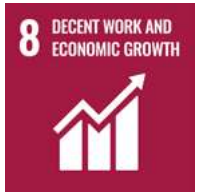




SDG12
Responsible consumption and production

We encourage responsible energy consumption and seek to increase production through alliances with independent green energy producers and solar contracts under management.





SDG8
Decent work and economic growth

Providing quality jobs that ensure our team's well-being and the strategic plan have a direct impact on economic growth.





SDG3
Good health and well-being

Contributing to the health and well-being of our company's workforce, customers, and suppliers thanks to the culture, working method, products and services.





SDG17
Partnerships for the goals

We are working with public institutions, associations, and other organisations to create a planet powered by 100% green energy while fostering community development.

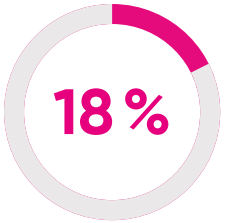


Holaluz's essence: brand, data, and technology

THE HOLALUZ BRAND AS A KEY ASSET



Brand awareness



Spontaneous brand awareness

NPS **25%**

NPS Tarifa Justa **46%**

BRAND STRENGTH

1st Top of Mind non-incumbent brands

3rd Top of Mind in solar panel installations in the whole industry

SOCIAL NETWORKS

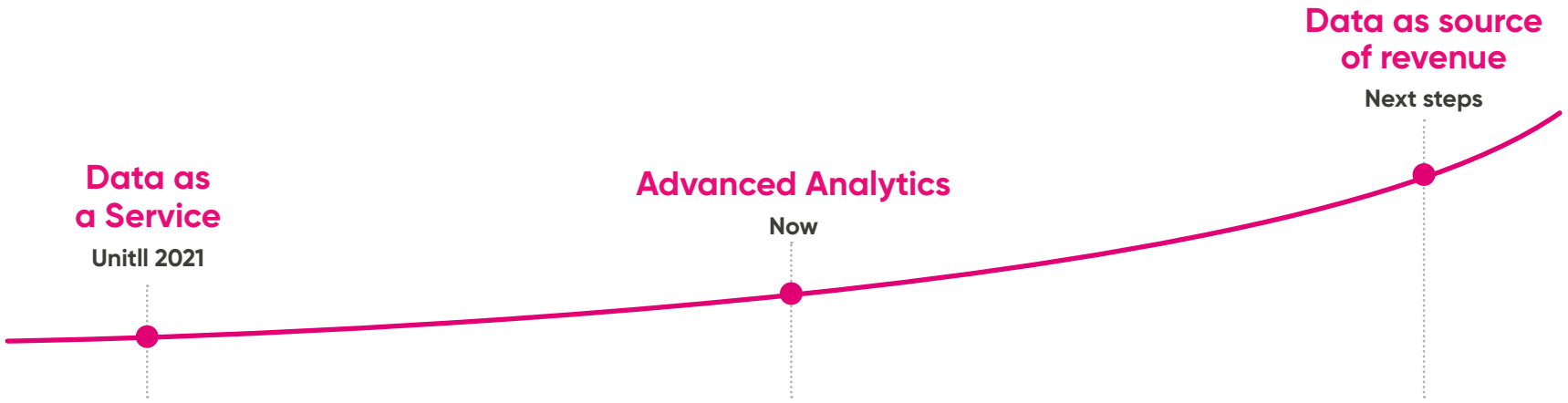
1st Position in brand positivity in social networks

1st In brand conversations about solar panels

DATA AND TECHNOLOGY

The company's vision on data is to leverage data and artificial intelligence to gain insights, create value for new and existing customers, generate additional revenue, and maximise its business efficiency.
In essence, data is used as a competitive advantage.

In the last year, the company has successfully moved from using data to being an advanced analytics-driven company.



- **Reporting** / **Dashboard**
  All teams with reporting needs covered
- **AI**/ **Machine Learning in Core Processes**
  Algorithms applied to key transactional processes
- Embed **Machine Learning** / **AI algorithms** in all key business processes
- **Insights Revolution**
  Data Analytics impacting all business areas
- Unlock new value levers to our **customers** that can generate **revenue streams**
- Data as a source of **Business Efficiencies**

Creation of a route optimisation algorithm, increasing daily visits by 30%

Thanks to the implementation of advanced analytics, the company has been able to optimise its sales strategies and resources.

Examples of this are the creation of a route optimisation algorithm for solar sales force as well as the intensive use of data in order to hyper-segment the market by geographic zones.

FROM...

No route optimization for commercial sales force

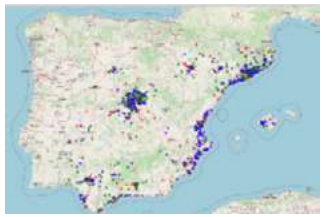
- Every commercial agent travelling 68 kms per visit on average
- Daily salesforce commuting with no optimization



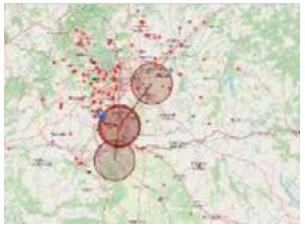
TO...

Route optimization algorithm for commercial sales force

- ~45% commuting reduction, travelling
- 38 kms per visit on average



Mapping of all potential visits in real time



Matching potential visits with agent coverage radius

Heavy usage of data to create interest : hyper segmentation

Targeting per geography: Clustering the market

01 **All municipalities are grouped into clusters.**

02 **Clusters are defined using a number of variables** (e.g. market growth, Holaluz market share, local subsidies, etc).

03 **For each cluster we apply different go to market strategies in terms of channel mix** (e.g. partnerships, coldknocking, etc).

Balance each channel focus across regions/towns based on the clusters with continuous redefinition.





Since we monitor all variables on an-going basis, classification is constantly updated to reflect changes in market dynamics.

On the technology side, Holaluz's vision is to offer unique products and experiences. The goal is to provide an energy service experience through technology.

During 2022, Holaluz has developed several technological projects with global impact on the company and the sector:

Holaluz Wireless: is a unique and value-added technological proposal that makes it possible to monetise a photovoltaic installation of a second home, or increase the savings generated by an installation in a main home from solar surpluses allowing, thus, to reduce the electricity bill between homes of the same owner.

Cloud-based dispatching centre: Holaluz launched this year the first dispatching centre based on Cloud technology together with Amazon Web Services (AWS) and Green Eagle Solutions. Its main objective is to help the System Operator (Electricity Grid) to balance generation and demand at all times, enable greater and better integration of renewable facilities and ensure the quality of energy supply. It also allows for better resource management, improved response quality and greater scalability.

New app for customers: the company has launched a new customised app adapted to customer needs during 2022. With this new service, customers can overview all details on their electricity contracts, the exact status of their solar installation process and have a direct communication channel with the company.



The security and trust of customers is key for Holaluz. For this reason, at the end of 2022 the company has **joined an initiative promoted by AdDigital and Éticas Foundation that aims to develop a certificate of algorithmic transparency for companies to provide "trust and security" to citizens and companies** within the agenda on artificial intelligence of the Government of Spain and the EU, promoting the responsible use of algorithms and artificial intelligence systems. The project is currently in the development phase and the goal is to finalise it in 2023.



Recognitions

In January 2023, Holaluz **topped the ESG Risk ranking by Sustainalytics** - a leading ESG research and ratings agency - in the subcategory of Independent Power Production and Traders. In January 2022, the company was recognised as one of the companies with the best ESG risk rating in the industry (utilities) and region (EMEA) categories.

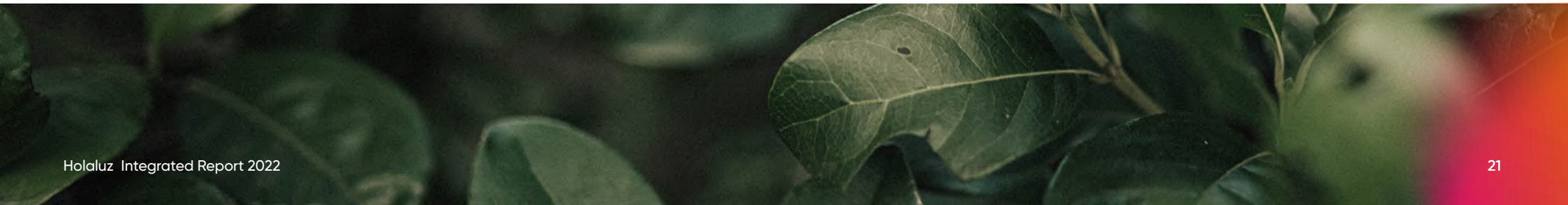
Confianza Online is the leading Internet quality certificate in Spain, and Holaluz is certified as a company that guarantees maximum transparency, security and trust when shopping on and browsing its website.

In 2018, Holaluz was the first European energy company to join the **B Corp** movement. In 2022, the company updated its impact business model, achieving a higher score than in 2018, taking the first place in its sector of companies with revenue over 1.5 million in Spain.

Holaluz is the first Spanish electricity company to obtain the **Baby-Friendly Company** certificate, which recognises companies facilitating work-life balance.

Founding company of **Conscious Capitalism** in Spain, whose philosophy recognises the innate potential for business to improve the world.

Business case study published by IESE Business School and Harvard Business School.





02
ESG Commitment

ESG Strategy 2021–2023

Holaluz was born ESG. It now leads the transformation of the energy sector, generating shared value for stakeholders, responding to their needs and expectations, and maximising the positive impact on society and the environment.

The company has a cross-functional **Impact Team** of key managers from all areas that ensure the company's strategy aligns with the company's purpose, maximising positive impact and its contribution to the Sustainable Development Goals (SDG). The team also monitors the implementation of the commitments, strategies and objectives listed in the ESG Policy and developed in the **ESG Strategy 2021-2023**.

Strategic lines

SDGs

Customer Obsession

- Customer experience
- Honest relationships with customers



People Centricity (Team)

- Organizational culture and values
- Diversity and women empowerment
- Team wellbeing
- Talent management



Sustainable Business

- Provide access to sustainable energy
- Partner with suppliers and business allies
- Environmental business performance



Act with Responsibility & Build Trust

Strategic lines

- Strong corporate governance
- Corporate transparency
- Social commitment

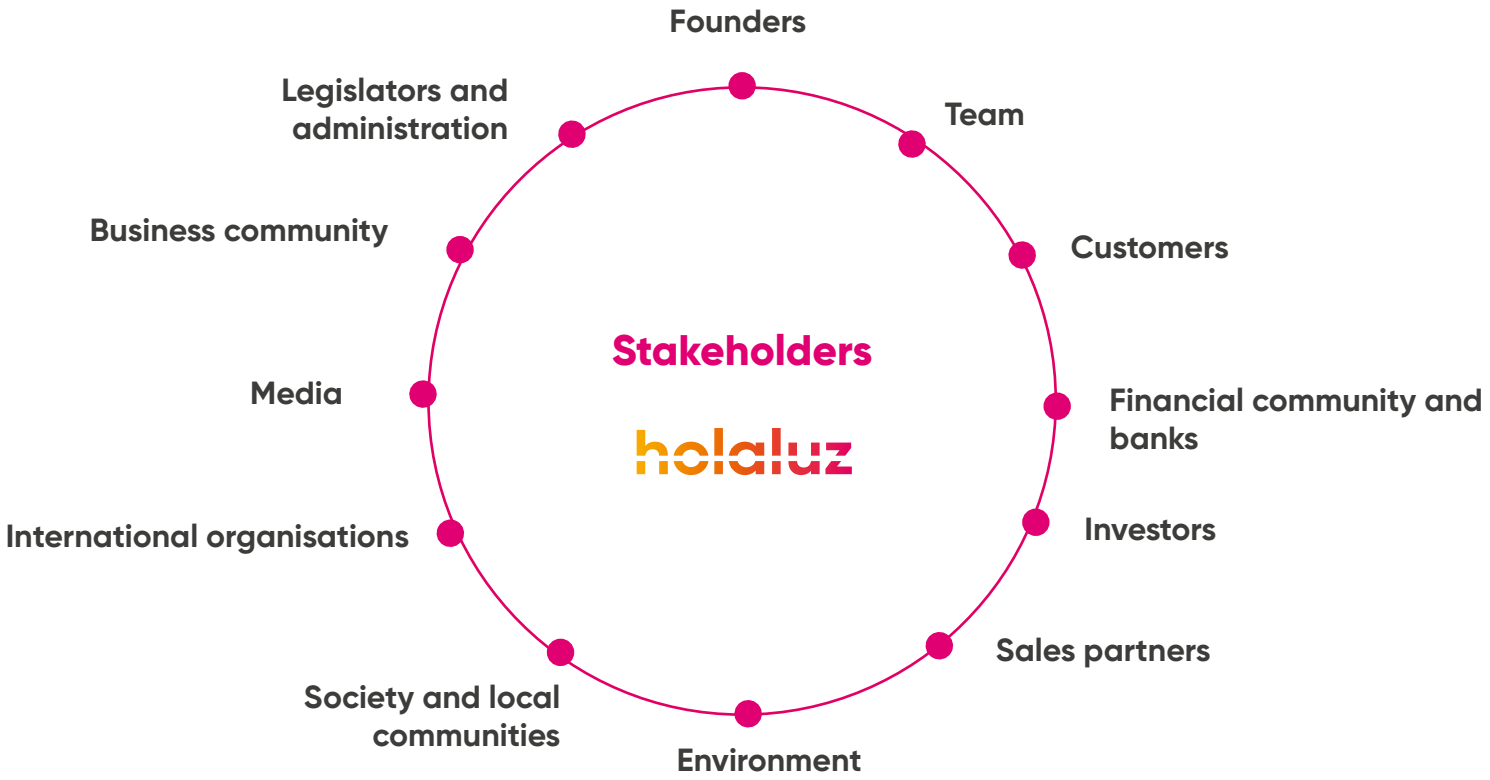
SDGs



Stakeholders

The organisation has identified and classified its main stakeholders as:

Building **trust** is essential for Holaluz. **Honesty and transparency** are crucial for supporting healthy, long-lasting relationships, as a open dialogue with stakeholders through a variety of channels (customer portal, social networks, Customer Care team, regular investors' report, annual reports, impact reports, etc.). The company has a Policy on Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors which defines and establishes the principles and criteria governing communication and contacts with these agents.



Double materiality analysis

In 2022, Holaluz updated its materiality analysis to identify the most important sustainability aspects to its stakeholders and the most relevant to the organisation. A **double materiality** evaluation was then conducted, considering the financial perspective and how aspects of sustainability can affect the organisation's performance.

The analytical process was divided into **three stages**:

01 **Identifying and updating material aspects.** The aspects identified in 2020 were validated and complemented based on the provisions of the future Directive on Corporate Sustainability Information and questions posed within the company.

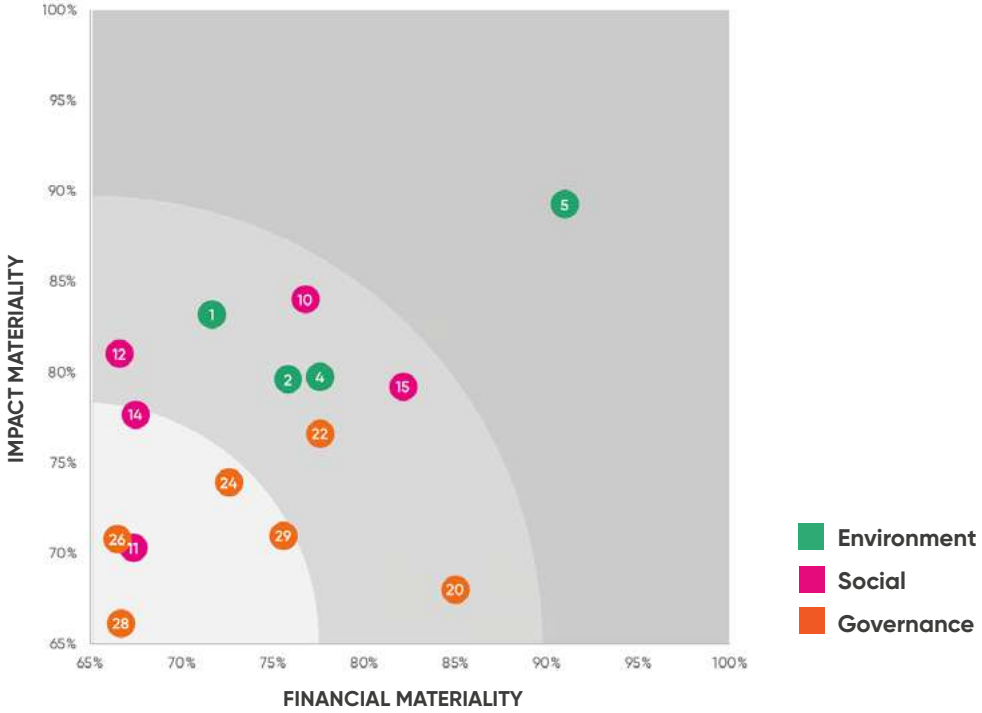
02 **Financial diagnosis** (financial materiality or the impact of Holaluz's financial value). For the financial materiality analysis, stakeholders - in this case major shareholders and investors - were asked about the importance they attached to each matter identified from a financial perspective.

03 **Impact diagnosis** (materiality of impact on society and on the environment). The topics analysed were drawn from the dialogue with stakeholders.

MATERIALITY MATRIX

The result of the analysis is a materiality matrix with a dual perspective, according to the impact on the value of Holaluz ("Financial materiality") and the impact on society and the environment ("Impact materiality"). The following aspects were identified as material during this period:

Annex III, "Index of the contents of Law 11/2018" contains the material topics required by Law and include the material topics obtained in the process of the materiality analysis, as well as selected Global Reporting Initiative Standards (GRI).



List of material aspects

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

ESG Impact Analysis

In 2022, Holaluz started an ESG Impact Analysis, integrating different measurement models. It has drawn on the Global Impact Investing Network (GIIN) IRIS+ impact framework and considered the SDG Compass guidelines to understand the impacts of the company's business model on the SDGs.

Holaluz's ESG impact framework is focused on four themes which are directly and indirectly linked to its purpose: **green energy, climate change mitigation, quality employment and clean air.** To analyse the impact of each theme, a series of objectives were established to measure the performance of operations and 'output' projects and, finally, to measure the 'outcome'.

Output and outcome are commonly used terms in the sustainability field. **Output** refers to the result or tangible product of a process or action, such as the number of tonnes of waste recycled by a business. **Outcome** refers to the final result or broader impact of a process or action, such as the reduction of a company's carbon footprint. In short, outputs are the measurements obtained from a process, while outcomes are the impacts.

Additionally, a subgroup of management indicators, associated with the reporting standards used in this Integrated Report, has been identified, which has a direct impact on the SDGs identified.



OBJECTIVE 1: Transformation of the energy sector (The Rooftop Revolution)

- **Contribution to generated distribution**
  3.8% of the households that produce solar photovoltaic energy are Holaluz customers.
- **Impact on the price per KWh for home energy system**
  71.4% savings on the price per KWh of the Holaluz home energy system vs. the home without solar installation

---

OBJECTIVE 2: Accelerating the energy transition through innovation and technology

- **Contribution to R&D in the solar photovoltaic industry**
  4.8% Holaluz's R&D investment out of the total R&D investment in the sector
- **Increase in training compared to national average**
  12.1x times the hours of training provided by Holaluz for every hour of training in Spain

---

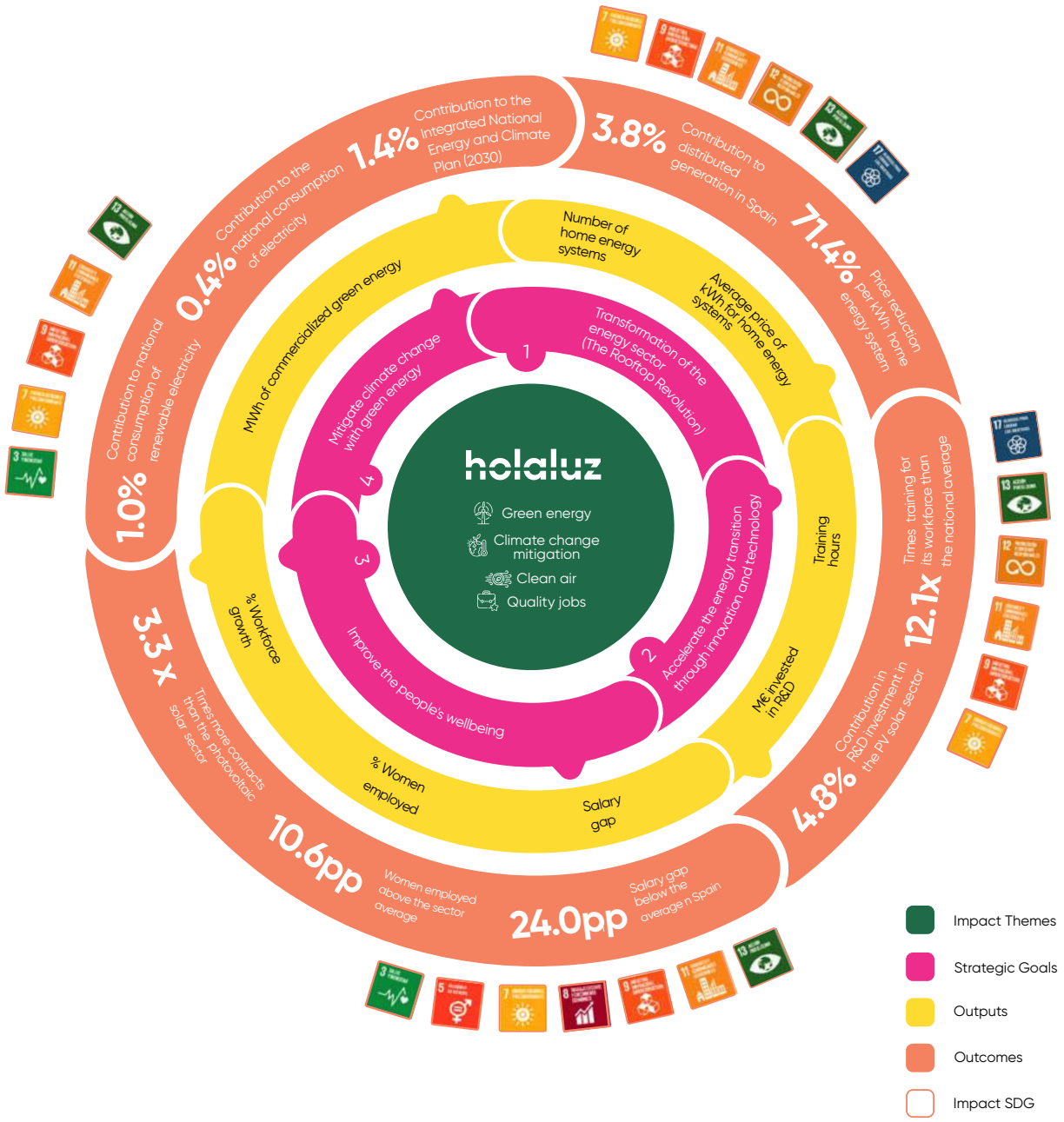
OBJECTIVE 3: Improving people's wellbeing

Sector by creating quality employment and promoting gender parity.

- **Employment growth compared to the solar photovoltaic industry**
  3.3x times Holaluz's contracting compared to the sector's order intake
- **Contribution to women employability**
  10.6ppts presence of women in Holaluz above the renewable energy industry
- **Contribution to reducing the gap in Spain**
  24 ppts gender gap below the national average at Holaluz

OBJECTIVE 4: Mitigating climate change through green power

- **Contribution to the national consumption of renewable electric energy**
  1.0% of Holaluz' market share of the national renewable electricity mix
- **Contribution to national electricity consumption**
  0.4% of Holaluz' market share in the national electricity sector
- **Contribution to the National Integrated Energy and Climate Plan (2030)**
  1.4% Holaluz' contribution to the national renewable energy target





03
Economic Impact

Consolidated financial results

As of December 31, there were ~300,000 contracts. The main reason for the reduction in the customer portfolio in 2022 is the discontinuation of the gas marketing business, which was completed during the fourth quarter of 2022 (further details below) and affected approximately 70,000 customers. As of December 31, 2022 there were 4,000 active gas contracts. Excluding the discontinuation of the gas business, the number of contracts remained stable.

More than 90% of Holaluz's customers are households and the rest are SMEs with a household behaviour. It is a highly atomised portfolio with an average bill per customer between 80-100 euros per month. Bills are issued on a calendar-month basis. The process for collecting the energy consumed during the month takes place during the first working days of the following month. In the event that the bill is returned, a very strict process starts that follows the timing established by Royal Decree 897/2017 of October 7 regulating the criteria for applying the measures for cutting off power supply.

3,412 solar panel projects had been implemented in the solar business in 2022; within the process to consolidate The Rooftop Revolution. As shown in the table below, 2022 shows an upward trend.

Solar installations	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Total
Installed	551	763	830	1,268	3,412

At the same time, surplus management contracts have continued to increase steadily. At year-end 2022, Holaluz had **11,384 solar contracts under management.**



Main KPIs of the consolidated income statement at December 31, 2022

Consolidated revenue at 2022 year end amounted to 919.8 million euros (571.5 million at December 31, 2021). Normalised EBITDA[10] amounted to 14.3 million euros (-2.1 million euros at December 31, 2021):

€m	31.12.22	31.12.21	% variation
Sales*	**919.8**	**571.5**	**61%**
energy management	889.1	566.1	57%
solar	30.7	5.4	464%
Sales margin	**83.2**	**31.4**	**148%**
Normalised operating expenses[11]	**-49.8**	**-24.9**	**100%**
Normalised EBITDA[12]	**14.3**	**-2.1**	**-**
EBITDA	**-0.2**	**-7.3**	**-**

[10] Normalisation of EBITDA derives from the accounting change introduced by the Resolution dated February 10, 2021 issued by the Spanish Accounting and Audit Institute (ICAC) enacting the regulations for recognising, measuring and preparing financial statements for the recognition of revenue from the delivery of goods and rendering of services. The said resolution provides that incremental costs of obtaining a contract shall be recorded as Short-/Long-term Periodifications in the assets side of the consolidated balance sheet and under Other operating expenses in the consolidated income statement.

That is, customer acquisition costs are no longer amortised, but the portion corresponding to the year is taken to the income statement (to advertising and publicity) and the rest is accrued in the balance sheet. This criterion has been adopted as from January 1, 2021, amending the comparative figures in both the balance sheet and the income statement.

The impact of ICAC's resolution on the calculation of EBITDA amounts to 5.2 million euros at December 31, 2022. Normalised EBITDA has been calculated by reclassifying 14.5 million euros related to OPEX to Depreciation and Amortisation, following the criterion applied in prior years and prior ICAC's resolution.

As EBITDA, normalised operating expenses do not include accruals (previously amortisation of customer acquisition costs. They do not include the "Other income" heading. Normalised operating expenses have been calculated based on Other operating expenses amounting to 64.3 million euros (30.1 million euros at December 31, 2021) and reclassifying 14.5 million euros related to OPEX to Depreciation and Amortisation, following the criterion applied in prior years and prior ICAC's resolution (5.2 million euros in 2021).

[12] EBITDA and Operating expenses have been normalised considering the customer acquisition costs as CAPEX/amortisation, in line with the vision that company management has of them. On February 10, 2021 a resolution issued by ICAC, the Audit and Accounting Institute, enacted a regulation on the recording of customer acquisition costs and established that they had to be considered in the Company's assets as current/non-current periodifications and the corresponding accrual shall be included in Operating expenses.

*€919.8m Sales include: €30.7m solar revenues, €468.4m energy , management revenues, €420.7m Rtm revenues.

SALES

In 2022, the Company showed revenue of 919.8 million euros (571.5 million euros in 2021). This 61% increase was due to (i) the increase in the volume of represented energy; (ii) the high electricity prices as a result of collapsed energy markets; and (iii) growth in the solar business. Revenue from the **energy management** business (commercialisation of electricity and gas and representation and management of solar panel installation surpluses) was 1.57 times higher in 2022 than in 2021. Revenue from the solar business (solar panel installation projects) was 5.7 times higher than in 2021.

Revenue from **electricity and gas commercialisation** accounted for 51% (52% in 2021) of total revenue. The amounts billed were 1.6 higher than in the same period of the prior year.

The sale of **solar panel installations** increased from 1% to 3% over total revenue from consolidated sales. Revenue from solar projects also includes projects that the subsidiary Rooftop Revolution, SL (wholly-owned by Holaluz-Clidom, SA) finances through 15-year loans granted to customers. The repayment of the loan (fixed monthly instalment of principal + interest) is offset by a fixed

portion of surplus savings generated by the installation that Holaluz purchases from the customer so that once the loan is repaid, the saving for the customer, compared to the current electricity bill, may be more than 60%. Revenue from solar substantially increased in percentage terms (+471%), from 5.4 million euros at December 31, 2021 to 30.7 million euros at December 31, 2022, as a result of the Solar First strategic approach of The Rooftop Revolution[13].

As a result of strong growth in the representation activity, due to both represented energy and the price at which this energy has been sold (in a context of rising prices from mid-2021 to the fourth quarter of 2022), the weight in revenue from this activity doubled in 2021 up to 47%, remaining stable in 2022 at 46%.

Although Holaluz does not obtain profit from the representation business, it does allow the Parent Company to compensate its selling position (as a representative agent) and buying position (as a supplier) in OMIE. Therefore, the final amount to be paid on a weekly basis in OMIE is the net resulting amount. The purpose of Holaluz is to reach a balance between buying and selling positions to reduce to a minimum the guarantees to be given in OMIE. This activity is also interesting for working capital management purposes, which is essential in an environment in which power marketers must pay their energy purchases weekly and do not get paid from their customers until the following month. The large representation contracts that have been concluded since the second half of 2020 and over 2021 and 2022 have allowed the Group to increase the amount of energy represented in the market up to 3.6GWh at December 31, 2022. As a result, revenue of the representation activity has substantially increased, amounting to 420.7 million euros in 2022 (269.2 million euros at December 31, 2021), that is, 1.6 times higher than last year's.

As energy markets are integrating until reaching the European Energy Union, positioning in the several European markets and integration has been key to companies. In the first place, Holaluz has focused on Portugal, a market that is already integrated with the Spanish market through OMIE. For that purpose, the subsidiary Clidomer was incorporated in 2018. This is a company wholly owned by the Parent Company Holaluz-Clidom, SA, whose representation activity started in July 2018. The Portuguese subsidiary, focused exclusively on the representation business and PPAs, shows revenue of 26.0 million euros (70.6 million euros at December 31, 2021).

OMIE is the electricity market operator in the Iberian Peninsula where almost all energy purchase and sales transactions are closed. It is a market where energy that is actually going to be produced by the generators and consumed by the customers is purchased. 24 auctions are held every day (plus intraday auctions). The matching price (purchase – sale) varies hour by hour and, consequently, it is indispensable that margin is guaranteed by means of financial futures contracts and power purchase agreements (PPAs). These futures transactions to ensure margin are necessary because the selling price to the customer is fixed over 12 months, whereas the price of energy in OMIE is highly variable. Thus, through financial derivatives (mainly futures and forwards to which the PPAs explained below have been added) and physical PPA's Holaluz can cover price fluctuations in the energy market.

[13] Additionally, Holaluz, through its subsidiary Clidom Solar, installs solar panels for rooftop owners and manages their energy production, offering in exchange a monthly fixed discount in their electricity bill as from the first month. Holaluz works on a several stage plan that prioritises private rooftops in its launch stage. In the following stage, the proposal will be extended to communal rooftops and services sector rooftops. The sales margin of installations funded through the subsidiary Rooftop Revolution, SL is reflected in the subsidiary Clidom Solar, SL (wholly owned by the parent) and in the consolidated financial statements. The parent Holaluz-Clidom, SA acts solely as an agent for collecting the loan instalment, included in the monthly electricity bill, which also includes the fixed portion of surplus savings. The proceeds from this loan instalment is subsequently transferred to the subsidiary Rooftop Revolution, SL as the holder of the loans.

GROSS MARGIN

Holaluz's goal is to sell green energy with a margin to paying customers.

In 2022, year-on-year consolidated margin amounted to 83.2 million euros (31.4 million euros in 2021), which means a 165% YoY increase, equal to 9% of sales (5.5 in December 2021). The margin for 2022 in **energy management** has increased from 5.4% (December 2021) to 8.1%. In a context of high volatility in energy prices in the electricity market (OMIE), stable costs in energy sales is achieved through an optimal hedging strategy that guarantees gross margin and, consequently, business profitability. The Company closes futures deals in Spanish (OMIP and MEFF) and international (EEX) financial energy markets,PPAs (both physical and financial) and also OTCs (Over the Counter) deals to hedge the energy purchased for its customers and thus cover the risk of fluctuations in prices and the corresponding impact on trade margin. In the **solar** business gross margin has grown by 36% in 2022.

Personnel expense has substantially increased in 2022 from 2.3% over total sales in December 2021 (13.4 million euros) to 3.2% (29.5 million euros). The structure of the solar team has been expanded with the hiring of solar experts (sales people) and installers to reach a substantial amount of internal installations in 2023.

Normalised operating expenses amounted to 49.8 million euros (24.9 million euros at December 31, 2021), equal to 5.4% of sales (4.4% in 2021). They have grown compared to revenue mainly to prepare Solar for scale-up. Normalised operating expenses have been calculated by reclassifying 14.5 million euros related to OPEX to Depreciation and Amortisation, following the criterion applied in prior years and prior ICAC's resolution (5.2 million euros in 2021).

Normalised EBITDA amounting to 14.3 million euros is 7 times higher than in the same period of the prior year (-2.5 million euros). Stable operating and personnel expenses in the **energy management** business, together with an improvement in the gross margin for the marketing of electricity and gas, has allowed Holaluz to **finance growth in the solar business** and overcome consolidated losses of -2.5 million euros in 2021, reaching positive normalised EBITDA of 14.3 million euros in 2022.

This increase in normalised EBITDA allows Holaluz to improve **net profit/(loss) for the year** in 2022 (-5.1 million euros) compared to losses of 8.4 million euros in 2021.



BALANCE SHEET

Holaluz uses PPAs to buy a portion of the energy that it sells to its customers. At year- end, the Parent Company and the Portuguese subsidiary Clidomer have signed a total of 46 PPAs (purchase of energy from renewable energy producers) for the physical delivery of energy at a fixed price at the beginning of the agreement and for a determined period of time ranging between 1 and 10 years. These agreements, due to their nature (physical delivery of energy), are not considered hedging derivative contracts. Consequently, they are not presented in the consolidated balance sheet (nor the potential tax effect thereof). However, the Directors consider that they must be considered in order to analyse the perspective and understand the Company's financial position as a whole.

The fair value of these contracts considering the MtM, that is, considering the amount of energy to be delivered, the period and the expected price, amounts to 93 million euros (158 million euros at December 31, 2021), of which 53.4 million euros are expected to materialise during 2023 and the rest, 39.6 million euros, from 2024 onwards.

Consequently, in order to show the cash flows, assets and obligations for next year, the directors have decided to present the Company's balance sheet that would result from giving rise to the aforementioned PPAs (unrealised assets) as well as the related potential tax effect at December 31, 2022 and 2021 (for comparative purposes):

[14] The review of the normalised balance sheet is not part of the audit procedures carried out to review the financial statements for the year ended December 31, 2022, which are established in the verification of accounts in accordance with Spanish GAAP. The normalised balance sheet is obtained from adding the MtM of physical PPAs at 12.31.22, 93 million euros, to the audited trial balance, in accordance with financial management reports of the Parent Company.

Assets[14]

€ m	(normalised)		(Spanish GAAP)	
	31.12.22	31.12.21	31.12.22	31.12.21
NON-CURRENT ASSETS	**124.2**	**96.7**	**84.6**	**66.1**
Intangible assets	31.7	15.5	31.7	15.5
Property, plant and equipment	2.1	0.8	2.1	0.8
Financial investments	52.6	36.5	13.0	5.7
Deferred tax assets	19.5	20.7	19.5	20.7
Long Term Periodifi.	18.4	23.4	18.4	23.4
CURRENT ASSETS	**246.3**	**344.7**	**192.9**	**217.4**
Inventories	14.0	2.4	14.0	2.4
Trade and other receivables	121.8	83.1	121.8	83.0
Financial investments	86.6	238.9	33.2	111.6
Short Term Periodif.	13.6	10.5	13.6	10.5
Cash and cash equivalents	10.3	9.9	10.3	9.9
TOTAL ASSETS	**370.5**	**441.5**	**277.5**	**283.5**

In accordance with Spanish GAAP, at 2022 year-end **Holaluz's consolidated balance sheet amounted to 277.5 million euros** (283.5 million euros at December 31, 2021). The variation of -6.0 million euros is mainly due to: (i) an increase in fixed assets (property, plant and equipment and intangible assets) and in loans to customers of The Rooftop Revolution, and (ii) a reduction in current assets of 24.5 million euros basically as a result of the decrease in current derivatives (see comment below).

The increase in **intangible assets** includes the capitalization of work performed by the company for an amount of 7.0 million euros at December 31, 2022 (4.5 million euros at December 31, 2021). It corresponds to the technological innovation project related to the vertical integration of all distributed generation and **Smart Supply** processes (billing by monthly fixed fees) in which the company has been immersed since the beginning of 2021 (4.7 million euros), as well as capitalisation of all development projects related to automation and scalability in the **solar** business (2.3 million euros).

The increase in **property, plant and equipment** is due to the renovation works and installations carried out in the Barcelona **headquarters**, and has been recorded entirely in the Parent Company.

The balance of 13 million euros in **non-current financial investments includes 7.4 million euros from loans for solar panel installations** to be repaid in fixed instalments over the next 15 years and charged on a monthly basis in the customer's electricity bill. These loans were granted as proof of concept for raising an SPV. Holaluz has no intention of granting any further loans until the SPV is raised. Additionally, there are **non-current derivatives** amounting to 4.7 million euros (2.5 million at December 31, 2021).

In the preparation of the consolidated balance sheet, the ICAC's resolution dated February 10, 2021 has been considered, which sets forth that incremental costs of acquiring a contract shall be accounted for as current/non-current periodification in the balance sheet, whereas in the income statement they shall be recorded under "Other operating expenses". This criterion has been applied in the Parent Company since January 1, 2021. At December 31, 2022 a total amount of 32.0 million euros has been capitalised under **non-current or current accruals** (33.9 million euros at December 31, 2021) substantially for incremental costs of acquiring customers.

At December 31, 2022 **current assets** in the consolidated balance sheet in accordance with Spanish GAAP amount to **192.9 million euros,** of which 30.4 million euros are **derivatives** (103.5 million euros in December 2021). **Inventories** include gas not consumed by customers due to the discontinuation of this activity in the last quarter of 2022. **Trade receivables** have significantly increased compared to the prior year (+38.7 million euros) as a result of the rise in prices applied at the beginning of 2022 to electricity and gas bills, as well as the increase in solar activity. It should be noted that as a result of the several Spanish Official Gazettes (BOEs) that have come into effect since June 2021, electricity VAT has been reduced from 21% to 10% (June 2021) and to 5% (June 2022); and gas VAT has been reduced from 21% to 5% (September 2022). As a result, VAT payable to public administrations amounts to 18.6 million euros at December 31, 2022.

Cash has slightly increased up to 10.3 million euros at December 31, 2022 (9.9 million euros at December 31, 2021). The movements in **net debt** are as follows:

Net debt

€ m	31.12.22	31.12.21
Non-current bank borrowings	23.4	19.9
Current bank borrowings	40.8	26.3
Current other payables	8.4	10.7
Cash	-10.3	-9.9
Net debt	**62.3**	**46.9**
Rooftop loans	-7.5	-2.6
Adjusted net debt	**54.8**	**44.3**

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; Holaluz has no intention of granting any further loans until the SPV is raised. The year-on-year amount of the loans has been deducted since it is considered that they should not be part of the balance sheet in a continuing context of business activity, but rather be transferred to the raised SPV.

At December 31, 2022, **consolidated adjusted net debt** amounted to **54.8 million euros**, 10.5 million euros higher than at December 2021. This increase in debt is due to the investment being made by the parent company, Holaluz-Clidom, SA, to finance the solar business and foster its growth and scalability in order to create long-term value in two businesses, **energy management** and **solar,** that feed back into each other in terms of profit generation.

Consolidated **shareholders' equity** (in accordance with Spanish GAAP) decreased by 5.1 million euros in 2022, reaching 42.8 million euros at year-end.

Equity shown in the consolidated balance sheet includes the **valuation adjustments** from the recording of the Parent Company's derivatives for the amount of **-23.2 million euros** at December 31, 2022 (-40.8 million euros at December 31, 2021); data in accordance with Spanish GAAP. This amount corresponds to 75% of the difference between the spot price on December 31 and the price at which the hedging deals were closed (25% of the MtM price is recorded in deferred taxes). It should be noted that this data is not complete within Holaluz's hedging strategy, as the impact of the MtM of the physical PPAs should be included, which gives rise to equity of 89.4 million euros at year end (125.6 million at December 31, 2021).

Liabilities[15]

€ m	(normalised)		(Spanish GAAP)	
	31.12.22	31.12.21	31.12.22	31.12.21
EQUITY	**89.4**	**125.6**	**19.7**	**7.1**
Capital and reserves	42.8	48.0	42.8	48.0
Valuation adjustments	46.6	77.7	-23.2	-40.8
NON-CURRENT LIABILITIES	**59.3**	**87.3**	**36.1**	**47.8**
Long-term debt	36.1	47.8	36.1	47.8
Deferred tax liabilities	23.3	39.5	0,0	0.0
CURRENT LIABILITIES	**221.8**	**228.5**	**221.8**	**228.5**
Short-term debt	77.6	104.8	77.6	104.8
Trade and other payables	144.0	123.1	144.0	123.1
Accruals	0.3	0.7	0.3	0.7
TOTAL LIABILITIES	**370.5**	**441.5**	**277.5**	**283.5**

[15] The review of the normalised balance sheet is not part of the audit procedures carried out to review the financial statements for the year ended December 31, 2022, which are established in the verification of accounts in accordance with Spanish GAAP. The normalised balance sheet is obtained from adding the MtM of physical PPAs at 12.31.22, 93 million euros, to the audited trial balance, in accordance with financial management reports of the Company.

At the general meeting held on October 25, 2019, the Parent 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 amount of 30 million euros (nominal amount + share premium). Next, it was resolved that all the shares issued through the said public offering be traded on BME Growth so that the Company's Board of Directors could execute the corresponding capital increase amounting to 30 million euros, fully paid in.

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

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

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

Non-current liabilities in the consolidated balance sheet, in accordance with Spanish GAAP, amounted to **36.1 million euros** (47.8 million euros at December 31, 2021). The variation is mainly due to the reduction of 15.2 million euros in the Parent Company's **non-current derivatives**, amounting to 12.7 million euros at December 2022 (27.9 million euros at December 2021). **Non-current bank borrowings** amount to 23.4 million euros at year-end and correspond almost entirely to the Parent Company.

Consolidated **current liabilities** in accordance with Spanish GAAP have decreased, amounting to **221.8 million euros** (228.5 million euros at December 31, 2021). **Short-term debt** decreased by 27.2 million euros due to: (i) a reduction of 39.4 million euros in current derivatives; and (ii) an increase of 12.2 million euros in bank borrowings and other financial liabilities, both corresponding to the Parent Company. **Accounts payable to suppliers and creditors** have increased by 20.9 million euros, amounting to 143.9 million euros at 2022 year end.

The average payment period to suppliers is 51 days, as disclosed in Note 16.1 to the financial statements 'Information on the average payment period to suppliers. Additional Provision Three. 'Disclosure requirements' of Law 15/2010, of July 5'.

Working Capital

In 2022, Holaluz group companies have been subject to continuing working capital requirements mainly to finance the purchase of stocks for the solar business (in the middle of a growth and consolidation process) and due to the increase in accounts receivable as a result of the rise in electricity and gas prices for customers.

€ m	31.12.22	31.12.21
Working capital	-8.2	-37.7
Accounts receivable + inventories	135.7	85.4
Accounts payable	144.0	123.1

In 2022, **operating cash flows** amounted to 24.2 million euros, compared to 30.9 million euros in 2021, mainly due to the impact of the items in non-cash hedging costs, whose outflow basically occurred in the fourth quarter of 2021. These are deals closed in EEX, where MtM is settled on a daily basis. In a scenario of rising prices back then, cash flow requirements arose for operations maturing in 2023 and subsequent years. There were also margin calls from bilateral derivative contracts entered into with counterparties. For 2023 the amount recognised in the Parent Company's P&L amounts to 48 million euros, of which 23 million euros correspond to MtM settlements on EEX and 25 million euros correspond to margin calls. Additionally, the subsidiary Clidom Solar stocked up panels, inverters and other minor equipment items with the resulting impact on supplier balances. **Cash flows from investments** decreased from 101 million euros last year to 39.5 million in 2022. **Cash flows from financing activities** declined by 30.2 million euros, from 46 million euros in 2021 to 15.8 million euros in 2022. The company's debt has increased by 15.8 million euros to finance rises in working capital and investment requirements.

Cash Flows

€ m	31.12.22	31.12.21
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	**24.2**	**30.9**
Profit/(loss) before tax	-8.7	-12.3
Adjustments to profit (+/-)	72.5	9.5
Change in working capital (+/-)	-36.8	34.5
Other cash flows from/(used in) operating activities (+/-)	-2.8	-0.8
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**-39.5**	**-101.0**
Payments on investments (-)	-39.5	-101.0
Proceeds from disposals (+)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	**15.8**	**46.0**
Proceeds from and payments on equity instruments (+/-)	0.0	18.1
Proceeds from and payments on financial liabilities (+/-)	15.8	0.0
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**0.4**	**-24.1**
Cash and cash equivalents at the beginning of the period	9.9	34.0
Cash and cash equivalents at the end of the period	10.3	9.9

Major events affecting Holaluz after the balance sheet date

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

Holaluz outlook

Holaluz implements the actions described in the Business Plan, focusing on increasing the number of customers and the product and services portfolio:

- Development and consolidation of the business plan for The Rooftop Revolution.
- Increase in the pace of acquiring contracts.
- Margin guaranteed by market price hedges.
- Structural costs under control due to continuous implementation and enhancement of scalability projects.
- Investments in innovation to make technology the common place in the development of energy-related products and services and create an ecosystem of generation, consumption, optimization and control of energy.
- Actions to acquire bilateral contracts with renewable plants that allow the Company to continue encouraging sustainable growth based on 100% green energy.

Research and development activities

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

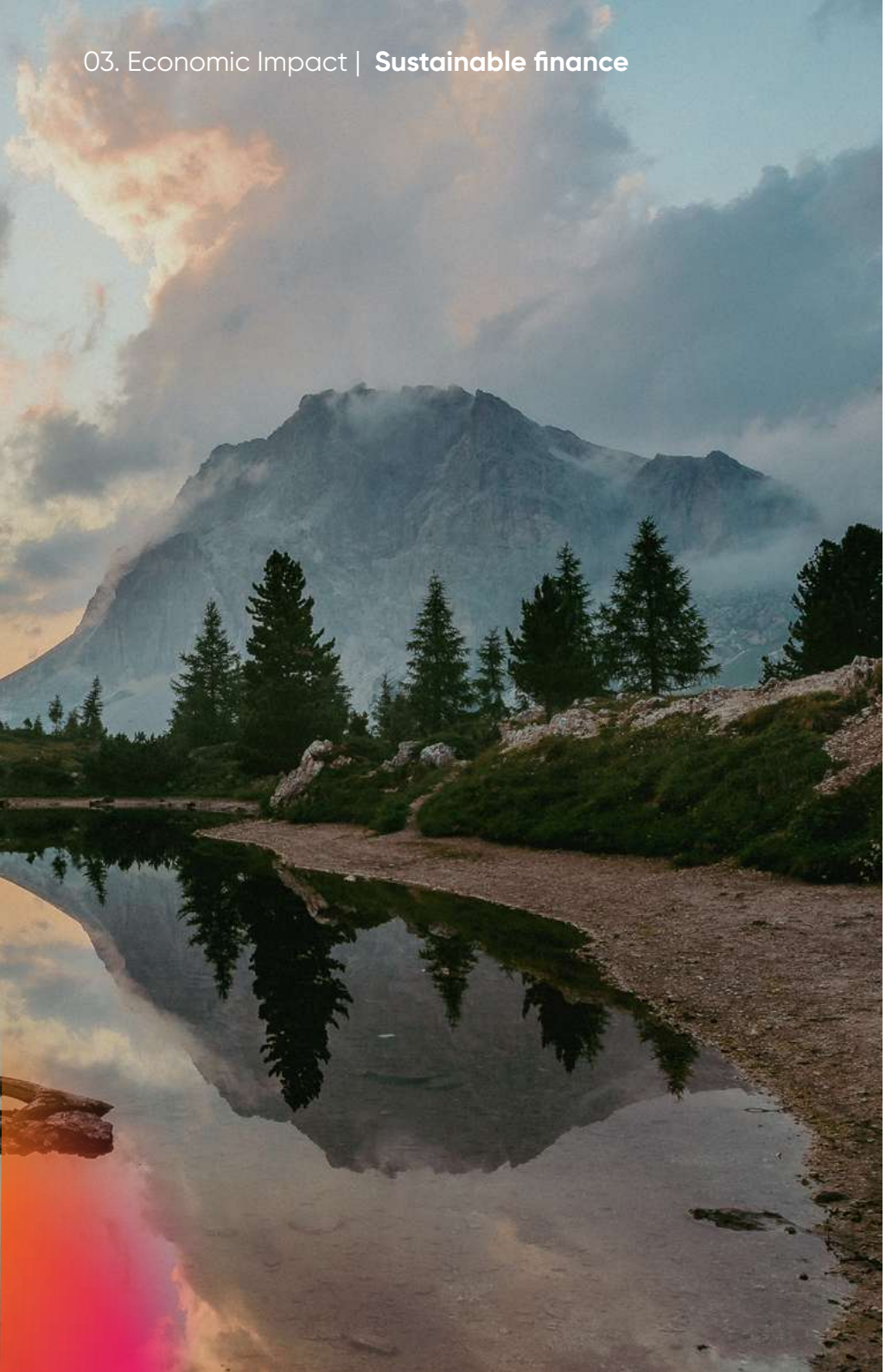
Acquisition of treasury shares

The Parent Company has treasury shares for an amount of 0.3 million euros at December 31, 2022, pursuant to article 262 of the Spanish Corporate Enterprises Act. Treasury shares at December 31, 2022 account for 0.28% of the Company's share capital and amount to 61,226 shares (38,194 shares at December 31, 2021), at an average acquisition price of 9.66 euros per share.

Financial instruments

Holaluz considers that there are no risks that may affect its transactions other than those indicated in Note 18 to the financial statements.





Sustainable finance

On November 21, 2022, the Alternative Fixed Income Market (MARF) of Bolsas y Mercados Españoles (BME) incorporated Holaluz-Clidom's first **Green Commercial Paper Programme** for a maximum value of EUR 100 million. Through this programme, the company expects flexible access to qualified investors over the next twelve months, as part of its strategy to diversify sources of funding. Holaluz designed the green bonds issued under this programme to be recognised as "green instruments'' according to the guidelines of the **Holaluz Green Finance Framework**. This framework enables the company to issue bonds and commercial paper in compliance with the **2021 Green Bond Principles** and to enter into financing agreements according to the **2021 Green Loan Principles** of the International Capital Markets Association (ICMA). To this end, Holaluz obtained a **favourable evaluation from Sustainalytics** confirming that the Holaluz Green Finance Framework aligns with the four fundamental principles incorporated in both principles.

The company intends to finance renewable energy projects, mainly related to electricity from renewable sources and the installation and management of photovoltaic solar plants with the funds raised from the programme. This will have a positive environmental impact and contribute to achieving the Sustainable Development Goals, as well as the EU's climate objectives.

As of December 31, 2022, there were €6.5 million of Green Bonds outstanding under this programme.

EthiFinance Ratings has given Holaluz a BB credit rating with a stable outlook.

Additionally, as part of its goal to increase its salesforce and drive the energy transition in Spain, Holaluz initiated a collaboration plan with leading financial institutions.

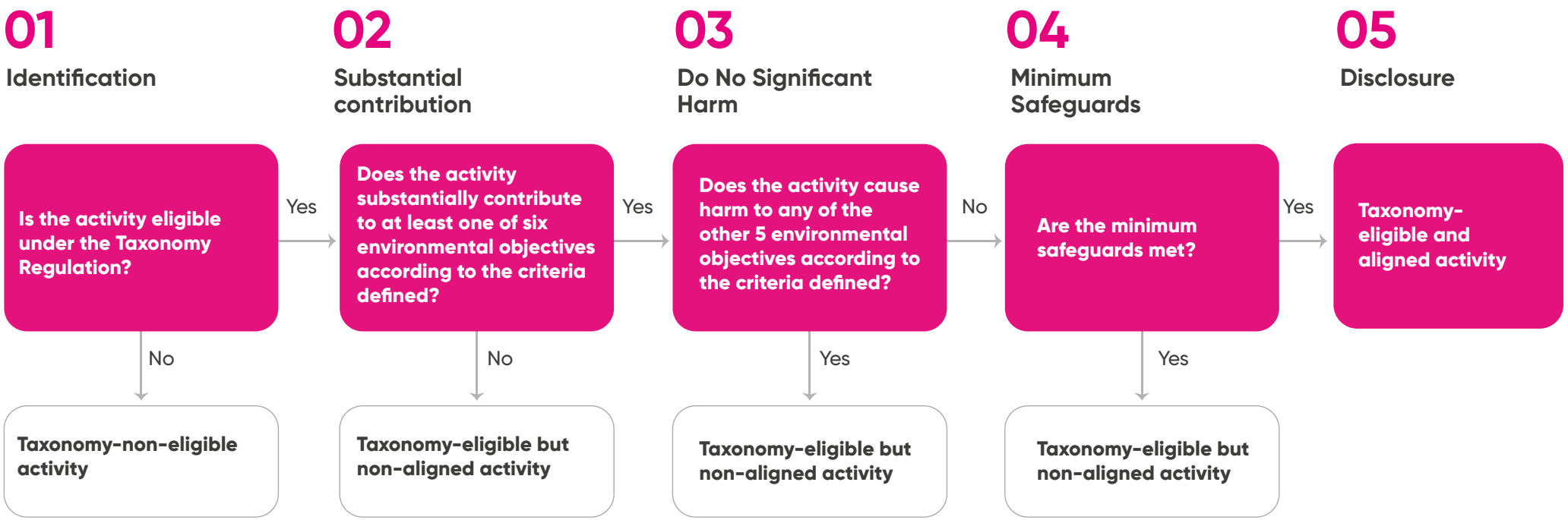
TAXONOMY FROM THE EUROPEAN UNION

To be able to achieve its **carbon neutrality objective by 2050**, the European Commission has developed a comprehensive **policy agenda on sustainable finance** to ensure the achievement of this ambitious climate change goal, which includes the "Sustainable Finance Action Plan" of 2018, and the "Strategy for Financing the Transition to a Sustainable Economy" published in July 2021. At the heart of this Action Plan is the **EU Taxonomy Regulation**, an essential lever to achieve the goal of achieving a Net Zero European Union by 2050.

The Taxonomy Regulation is a classification tool to determine whether an economic activity is environmentally sustainable. It aims to eliminate so-called "greenwashing" and help companies develop ESG roadmaps based on scientific objectives and criteria, thus providing investors and society in general with greater transparency and certainty.

The Action Plan and, more specifically, the **Taxonomy, aligns with Holaluz's purpose: to create and live in a 100% renewable world** and makes it possible to put Holaluz's pioneering approach to pursuing an energy transition model that pursues decarbonisation in line with the EU's climate objectives. Holaluz and all the people who believe in its energy, will continue to progress toward the 2030 and 2050 objectives, and all those which are yet to come.

To establish whether Holaluz's activities are aligned with environmental objectives of the EU taxonomy, the company has analysed its activities according to its criteria to determine whether or not they are performed sustainably. For more details, see Annex II.



Based the analysis, the following results have been obtained regarding alignment with the Taxonomy for 2022:

ELIGIBLE AND ALIGNED ACTIVITIES

Area of Activity	Description of the Activity	Link to the Taxonomy
Installation and management of photovoltaic installations	Installation, management and maintenance of installations by means of photovoltaic solar panels.	Activity 7.6. of the Climate Delegated Act: Installation, maintenance and repair of renewable energy technologies.

NON-ELIGIBLE ACTIVITIES

Area of Activity	Description of the Activity	Link to the Taxonomy
Natural gas commercialisation	Gas sales to consumers, including actions such as purchasing gas for supply to households or businesses and coordinating with distributing companies for the correct supply of gas.	This activity is not considered in the Climate Delegated Act.
Representation and management of the sales of renewable electricity producers.	Representation in OMIE of energy generated by renewable energy producers.	This activity is not considered in the Climate Delegated Act.
Distributed generation and service provision within an "energy as a service" model.	Use of the surplus that can be generated by a domestic photovoltaic installation for sale to customers in the vicinity (those located within 2 km of the point of generation).	This activity is not considered in the Climate Delegated Act.

OTHER NON-ELEGIBLE ACTIVITIES

Area of Activity	Description of the Activity	Link to the Taxonomy
Sales of electricity from 100% renewable sources.	Purchase of energy with Renewable Guarantee of Origin (GoO) certificates, to guarantee that the energy purchased comes from a renewable source, and subsequent commercializing to customers.	This is currently considered ineligible as it is not included in the Climate Delegated Act.

Thus, the activity of **installation and management of photovoltaic installations** carried out by Holaluz as part of the Rooftop Revolution is among the activities eligible for the Taxonomy, which makes Holaluz business a key element in the fight against climate change, and a viable and effective alternative to clean energy, which will help to achieve the ambitious EU climate goals.

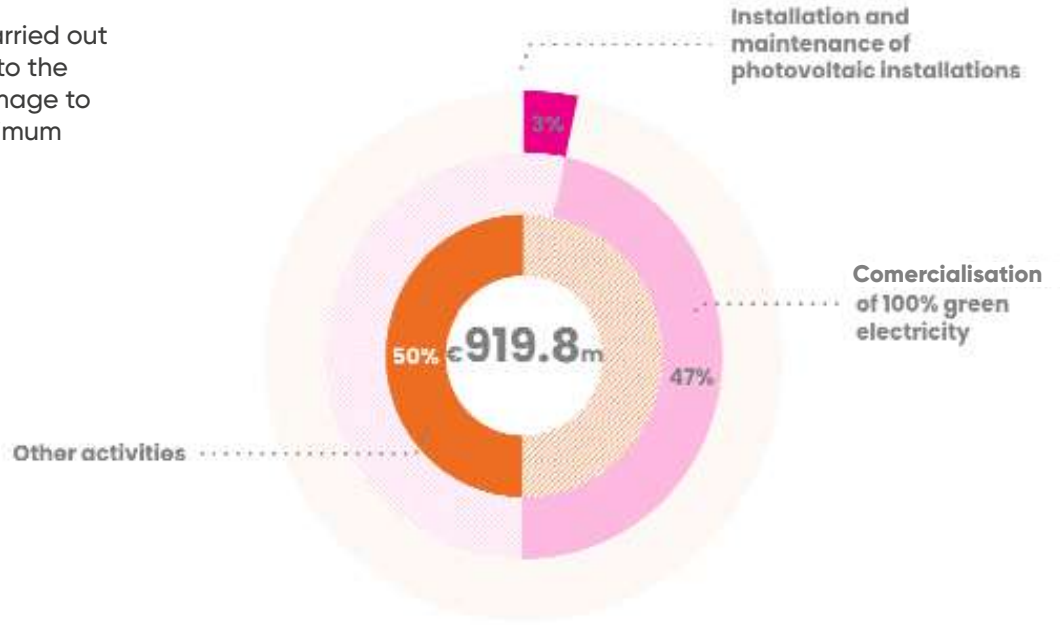
Under the current wording of the Climate Delegated Act, neither the **acquisition or sale of renewable energy** can be considered eligible under the Taxonomy, as it does not fall within the wording of any of the definitions in the Delegated Climate Act and is therefore considered an activity that does not substantially contribute to climate change mitigation. However, in time this may be revised in view of the "Goal 55" package of measures and the climate targets agreed by the Council and the European Parliament[16]. By supplying 100% green electricity (i.e. of guaranteed origin from renewable sources), Holaluz plays a catalytic role in the energy transition so vital to achieving the European Union's objectives. Because of this, the following section presents the results obtained, providing additional information considering sales of 100% green electricity.

[16] Commission Notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets. Note 13.

In the first **reporting period**, the degree of alignment of the activities carried out by Holaluz with the EU Taxonomy, as a consequence of its contribution to the objective of climate change mitigation, without causing significant damage to the other five environmental objectives defined and respecting the minimum safeguard has been:

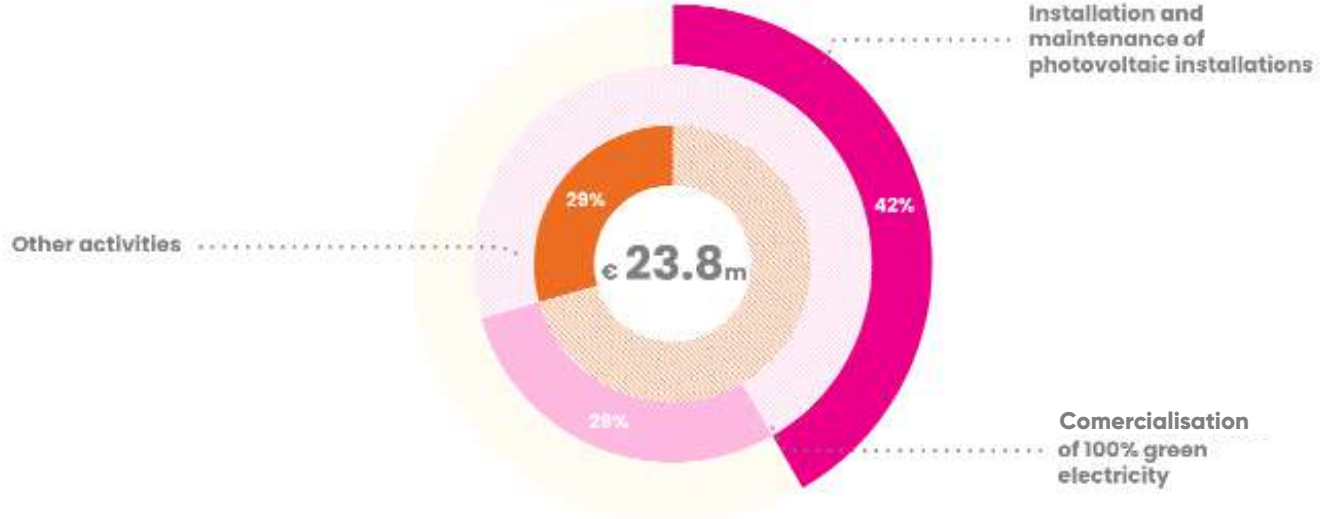
Revenue

The total of **3.3%** of revenue was generated by eligible business activities aligned with the EU taxonomy. Including commercialisation of 100% green electricity, the proportion is **50.2%** and including representation and management of the sales of renewable electricity producers the proportion is **95.9%** of operating revenue.



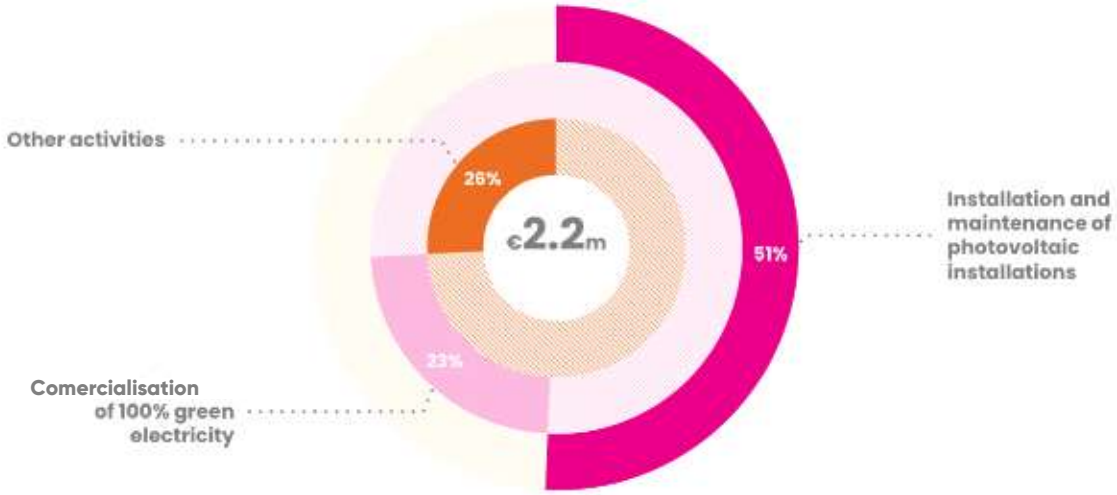
CapEx:

A total of **41.7%** of capital expense (CapEx) was generated by eligible business activities aligned with the EU taxonomy. Including commercialisation of 100% green electricity, the proportion is **70.6%** of the CapEx.



OpEx

A total of **50.7%** of operating expenses (OpEx) was generated by eligible business activities aligned with the EU taxonomy. Including commercialisation of 100% green electricity, the proportion is **75.1%** of the OpEx.



For more information about Holaluz's activities' alignment with the mitigation and adaptation objectives in the Climate Delegated Act, see the tables in Annex II.

In 2022, Holaluz conducted a **physical climate risk analysis** linked to The Rooftop Revolution. In the next reporting period, Holaluz aims to start work on the **Task Force on Climate-related Financial Disclosures (TCFD)** to identify the company's risks and opportunities regarding climate change.



04
Governance

Organisational structure

Holaluz has a governance system made up of different governing bodies, including the General Shareholders' Meeting, the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee and the Compliance Committee. The commitment to good governance and business ethics is evident in the policies and procedures for the management of different areas.

At 31 December 2022, the main governing bodies are:

Holaluz has a solid governance system and has corporate governance mechanisms and the following organisational structure to guarantee it:

- **Shareholders' General Meeting**
- **Board of Directors and Management Board**
- **Audit Committee**
- **Nomination and Remuneration Committee**
- **Compliance Committee and Compliance Officer**

BOARD OF DIRECTORS [17]



Carlota Pi
President



(C)

Alfonso de León
Vice President



Ferran Nogué
Executive Director



Oriol Vila
Executive Director



(C)

Enrique Tellado
Independent Director



Isabela Pérez
Independent Director



Virginia Oregui
Proprietary Director

Nomination and Remuneration Committee

Audit Committee

(C) Chairman

[17] Years of seniority as members of the Board of Directors: Carlota Pi, Ferran Nogué and Oriol Vila, 12 years; Alfonso de León, 6 years; Enrique Tellado, Isabel Pérez and Virginia Oregui, 3 years.

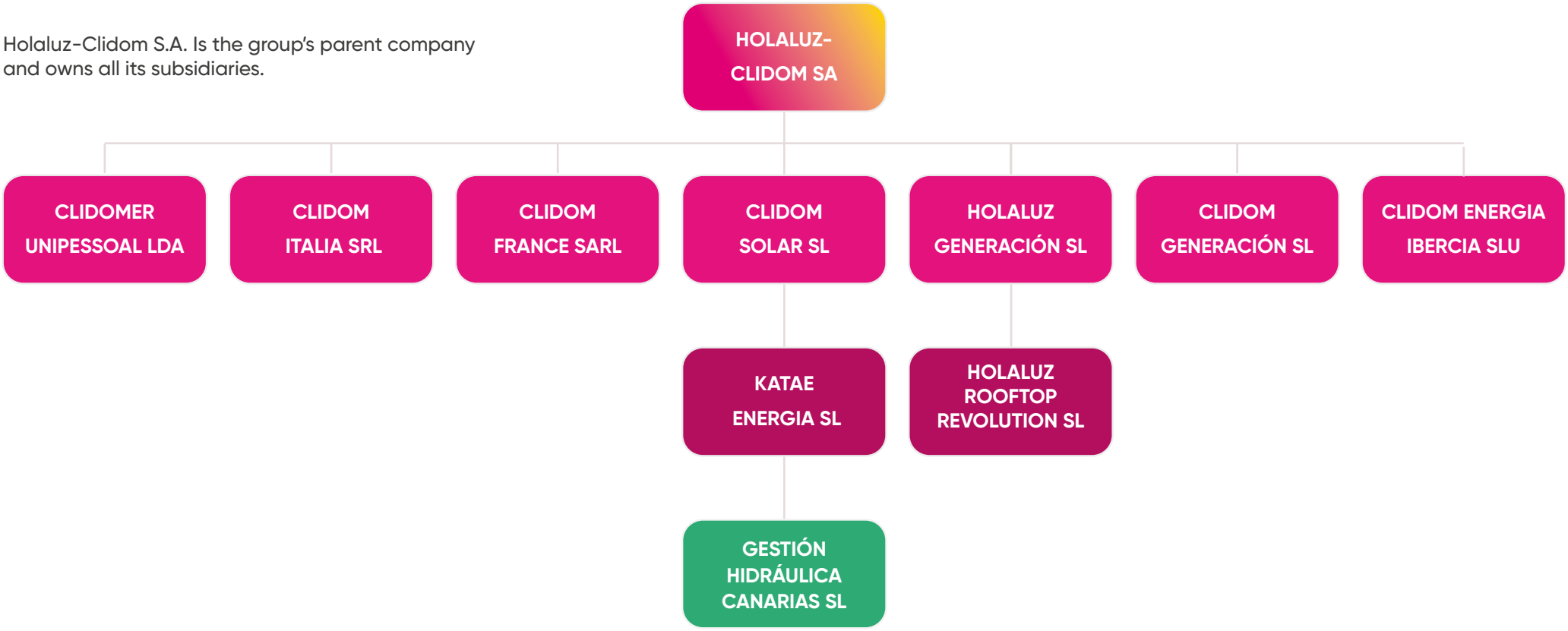
In accordance with Article 31 from the Articles of Association, Holaluz is managed and represented by a Board of Directors consisting of the number of members established by the Shareholders' General Meeting, with a minimum of five and a maximum of twelve members. There is no prior requirement to be a shareholder of the company to serve as a director. The Board of Directors is ultimately responsible for making decisions regarding the company's environmental, social and governance (ESG) affairs and for reviewing progress with ESG indicators during its meetings.

COMPLIANCE COMMITTEE AND COMPLIANCE OFFICER

The compliance committee has three members who are responsible for detecting, preventing, handling and correcting conduct that violates the Code of Ethics and the policies that establish the company's values, behavioural guidelines, and laws that may result in liability for the organisation.

CORPORATE STRUCTURE

Holaluz-Clidom S.A. Is the group's parent company and owns all its subsidiaries.



Risk and opportunity management

Holaluz's business, activities and results depend on internal and external factors that affect all companies in its sector.

According to its **control and management systems**, it identifies and manages the risks to which it is exposed by using **risk maps** to identify the potential risks, while its action plans, which are used to mitigate those risks, are updated annually. Risk management is carried out according to an **annual risk management plan**, which includes the risk map and compliance programme. These documents are used to prepare the recommendations for implementation dealt with at each review. The results of the reviews are agreed and submitted to the Audit Committee.



These are some of the risks that affect the company:

Risk factor	Scope of Risk
Market risk	• Electricity price and market liquidity risk • Risk of error estimating future demand ("deviation risk") • Market concentration and competition risk
Operational risks	• Risk of non-compliance with the business plan and financial estimations • Derivative exposure risk • Company operations depend on certain key employees • Technology risk • Reputational risk
Regulatory risks	• Holaluz operates in a regulated sector • Self-consumption is exposed to legal uncertainty
Financial risks	• Liquidity risk • Default risk of creditors and financing constraints • The Company cannot guarantee it will be able to obtain additional capital or financing • Credit risk

Ethical business conduct

The commitment to good governance is based on two areas: the Code of Ethics and the **Regulatory Compliance Programme**.

The Board of Directors has an active role in the implementation of the governance policies, overseeing implementation, supervision and compliance with legal requirements applicable to the sector, as well as any internal policies and procedures through the Compliance Officer and the Compliance Committee.

POLICIES AND PROCEDURES

The company has a set of policies and procedures that govern its activities in different areas, always in pursuit of operational excellence.

- Code of Ethics
- ESG Policy
- Anti-corruption Policy
- Anti-money laundering and countering the financing of terrorism manual.
- Contracting and third-party relationship and negotiation policy
- Employee development policy
- Diversity policy
- Occupational Health and Safety Policy
- Action protocol against harassment in the workplace
- Quality Policy
- Conflict of interest management policy
- Non-payment policy
- Privacy Policy
- IT security policy and use of devices
- Use of creations and distinctive signs of third parties policy
- Relation with regulators and public bodies policy
- Selection and appointment of Auditors policy
- Tax management and communication with tax authorities policy
- Communication policy and contacts with shareholders, institutional investors and proxy advisors

The Regulatory Compliance Programme establishes principles, procedures, and tools for managing the company's potential legal obligations and mitigating the risk of non-compliance. The organisation has also analysed possible criminal risks linked to the company's activity.



The Code of Ethics, updated by the Board of Directors in March 2022, contains the values that inspire the company to achieve its objectives and behavioural guidelines. Any breach of the code is considered serious misconduct that could lead to disciplinary measures. The Code also defines the company's ethical principles:

01

Zero tolerance for corruption

We do not tolerate corruption. Holaluz, true to its values, is a lawful and impeccably managed business.

02

Compliance with standards

We do not engage in activities that breach legal standards or our code of conduct. Holaluz does not work with third parties that breach ethical rules or practices.

03

Integrity

We tolerate no fraudulent, discriminatory, abusive, offensive or unfair conduct within the company, our decisions, or our relationships with clients, suppliers or third parties.

04

Diligence

Holaluz exercises due diligence in its daily work. All Holaluz members and partners are expected to exercise caution and professionalism in the performance of their duties.

05

Loyalty and confidentiality

Holaluz ensures confidentiality and responsible use of information within the company. Holaluz members must keep all facts and information in their possession in the strictest confidentiality.

To ensure that any behaviour infringing these principles or the law is detected, prevented, processed and corrected, the company has an **Alerts channel** (alertas@holaluz.com) that guarantees confidential communications and protects the informant. There is an **Alerts Channel Policy** that governs the use of this channel.





The **Criminal Prevention Model** governs regulatory compliance and criminal prevention. Before drafting this document, the company analysed the potential criminal risks and then designed and adopted a criminal prevention model suitable for its activity and size. It is managed by the Compliance Officer and the Compliance Committee.

Holaluz has never engaged in anti-competitive practices.

Regarding public policy and its relationship with sector organisations, several regulatory changes have been proposed to encourage competition and empower consumers.
To manage these aspects, Holaluz has:

- Anti-corruption Policy that provides behavioural guidelines for its team, collaborators and third parties, and establishes control and oversight mechanisms to manage these.
- Corporate Policy for managing conflicts of interest guarantees that decisions are made objectively and impartially, prioritising the organisation's interests over the personal interests of decision-makers.
- Relation with regulators and public bodies policy establishes the principles governing the company's actions in this area.
- Auditor selection and appointment policy. It ensures that auditors are independent and have the technical skill needed to undertake the task responsibly and according to the applicable regulations.

Due to its activity and business relationships, Holaluz is required to comply with anti-money laundering and terrorism financing regulations. To this end, it has an Anti-money laundering and terrorism financing manual; the contents of which are updated periodically.

Holaluz includes the Code of Ethics, Anti-money laundering and terrorism financing manual training and other anti-corruption policies and procedures, as well as others specific to each area of specialisation, to provide information and raise awareness in its **periodic training plan**.

In terms of tax, the Holaluz Tax Management and communication with tax authorities' policy establishes principles of integrity, prudence, and transparency as a guide to the management system, oversight, and compliance with the applicable law.

HUMAN RIGHTS

Holaluz is committed to the protection and promotion of human rights established in the ESG Policy and aligned with the Ten Principles of the United Nations Global Compact Initiative. The company received no complaints regarding breaches of human rights during the period reported.

Some rules of conduct in the Code of Ethics refer directly to human rights, such as **freedom of association, non-discrimination, compliance with regulations, integrity, due diligence**, etc., while others underscore the commitment.

In 2022, the company carried out a **human rights evaluation** to identify the main impacts of the company based on the OECD guide to due diligence for responsible business conduct.

To underscore its commitment, Holaluz plans to develop new policies and procedures on forced and compulsory labour, abolition of child labour, and compliance with the provisions of the core conventions of the International Labour Organisation (ILO).



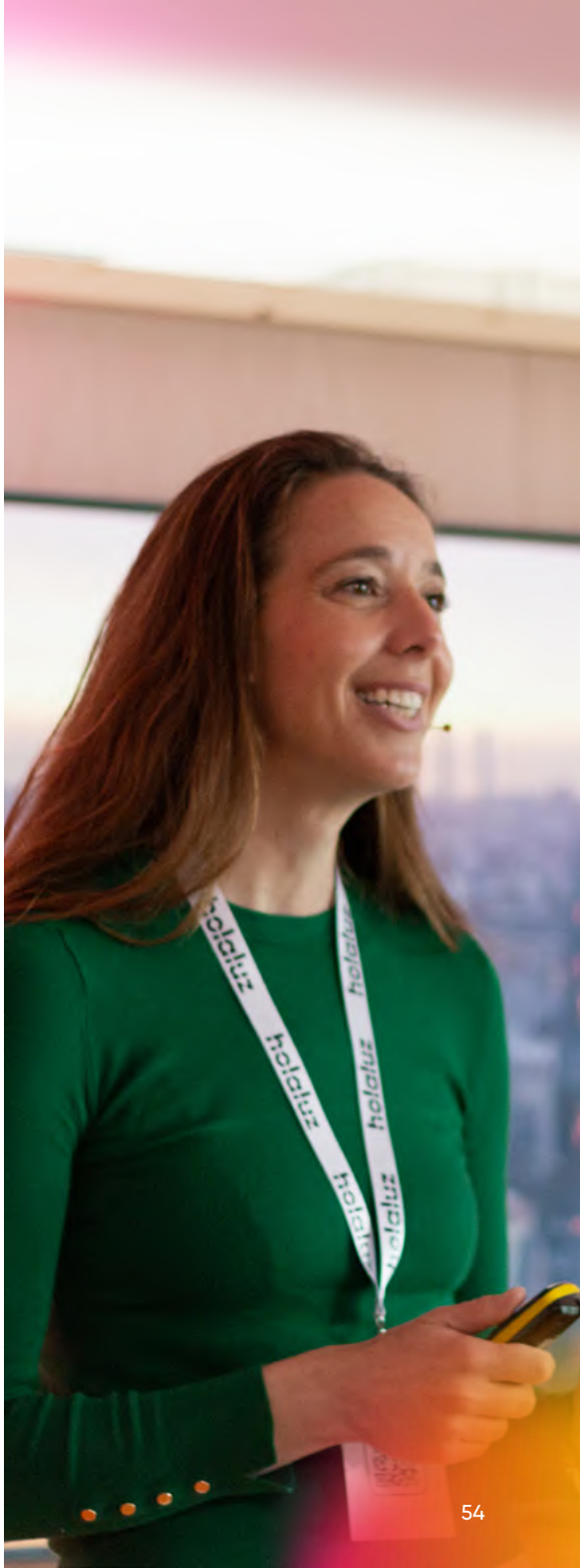
Memberships and associations

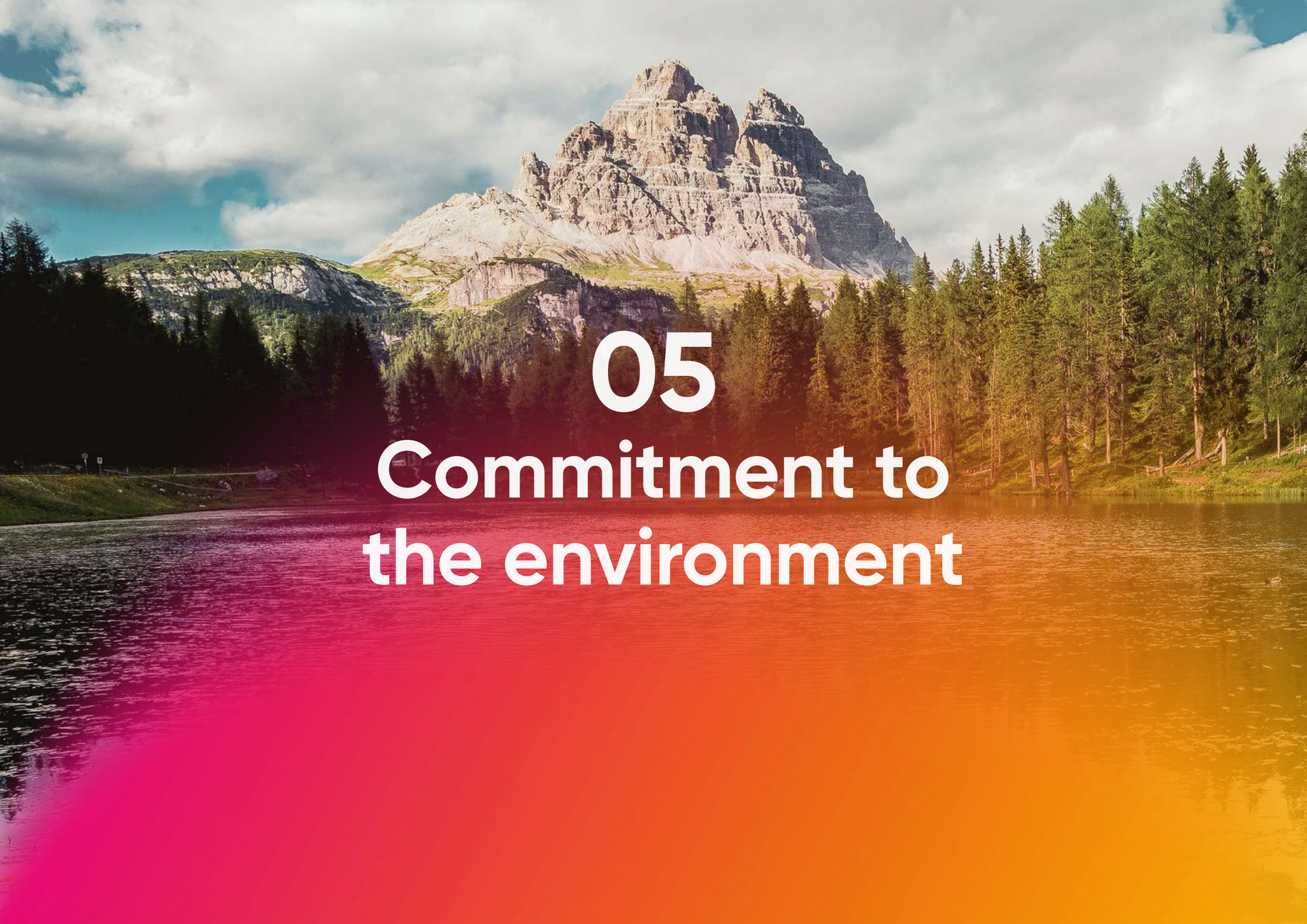
Proactive participation in sectoral forums and associations that promote the renewables sector is crucial to contribute to sustainable development (specifically SDG 17: Partnerships for the Goals). Participation in such organisations increases the company's commitment to sustainability, and its ability to interact with major agents of change that generate shared value for the company and its environment, to learn and share good practices, and strengthen relations with stakeholders.

Organisation	Description	Type of membership
UNEF Unión Española Fotovoltaica	The Spanish Photovoltaic Union (UNEF) is the main association of solar photovoltaic companies in Spain. With over 750 members, it is main national sector meeting point and networking lobby association.	Vice-presidency. Actively strengthening renewable energies and combating the sun tax.
SolarPower Europe	Link between policymakers and the solar PV value chain. Its mission is to ensure that solar energy is Europe's main source of energy by 2030, leading members to make solar power the nucleus of the energy system to achieve climate neutrality in the EU before 2050.	Participation as a member



Organisation	Description	Type of membership
adigital	Organisation of more than 550 companies in key digital economy sectors, united by a common goal: to create an optimal environment for the development and growth of the digital economy in Spain and Europe. This will enable the creation of a more open, competitive, sustainable society, with a focus on digital ethics.	Participation in testing of algorithmic transparency certificates for companies.
ESIA European Solar PV Industry Alliance	Created by the European Commission and directed by EIT InnoEnergy, the European Solar PV Industry Alliance facilitates the expansion driven by the resilient industrial solar value chain innovation in the EU, particularly in the photovoltaic manufacturing sector.	Holaluz has joined the alliance to cooperate in the development of a collaborative framework between manufacturers and buyers, which responds to the growing need for solar products.
AEPIBAL	National association covering the entire sector value chain with the purpose of representing the interests of sector companies before national and European public administrations.	Participation as a member
ESTECH	Platform for high-growth technology-based companies in Spain aimed at promoting the development of technology and digital-based productive tissuethat will reach 40% of our country's GDP by 2030.	Participation as a member





05
Commitment to the environment

Energy transition

The energy transition is crucial to address the current climate emergency and the available solutions come at a high cost for consumers.

Holaluz has a solution for the entire system: **The Rooftop Revolution.**

Holaluz proposes a structural change: transform the current energy generation model (centralised and non-renewable) to a new **decarbonised model** with more weight **on the distributed generation.**

10 million
feasible rooftops

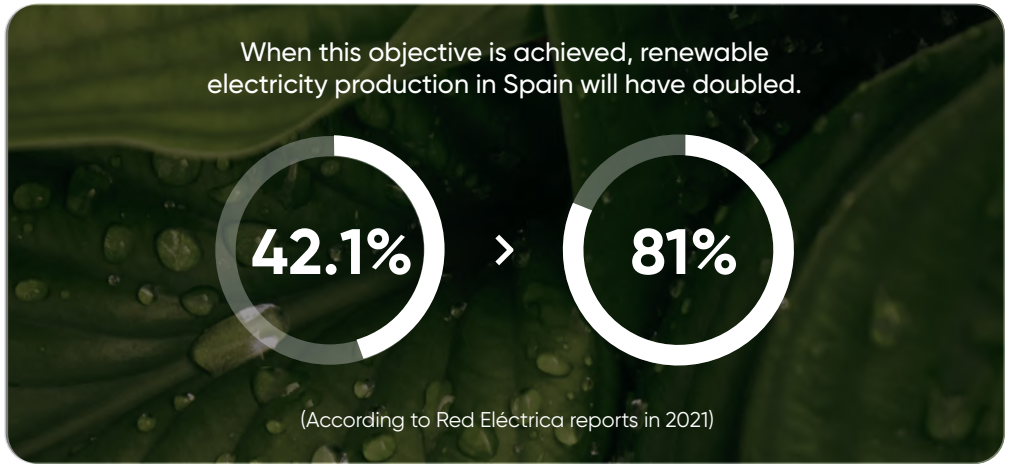
in Spain for solar panels that receive sunshine all year

8 millon of those roofs are on detached and semi-detached houses and the rest on housing blocks, which can easily be transformed into green energy-producing roofs for everyone.

The Rooftop Revolution will enable more than

40 million
people

to benefit from green energy at a tenth of the current price for the next 40 years.



The Rooftop Revolution is good for the planet, for the electricity system and for Holaluz customers:

The planet **customers were transformed from electricity consumers to green energy producers.** Holaluz photovoltaic installations take only 3.2 years to avoid the same amount of emissions as those generated in the production of their materials and their installation[18]. Considering that they have a minimum useful life of 25 years, they will be avoiding the emission of greenhouse gases for at least 87% of their life.

The electricity system solar customers consume and produce green energy. This is **efficient (0km energy)** and allows stable prices, while encouraging energy independence.

The customer Holaluz is the only company that offers up to **100% savings on bills**, with a quick, simple process that does not require the customer to do anything.

[18] The calculation made on the estimation of the time in which the green energy generated by the solar installation has avoided the same amount of emissions that have been generated in the production of its materials as well as its assembly has been made based on the average energy generation per installation and the quantification of CO_2 emissions generated from the entire value chain of photovoltaic installations, which include the manufacture of equipment, commercial and installation services, transportation, waste generation and the life cycle of all installed products.

Holaluz encourages responsible energy consumption and responsible production through partnerships with independent green energy producers and solar contracts under management. **Since it was founded in 2010, the company has prevented the emission of more than 2.3 million tons of CO_2e**.

The company also guarantees the promise of 100% green energy through renewable origin certificates, which ensure that all the electricity we supply is of renewable origin (origin guarantee certified by the CNMC).

Holaluz's business model adopts the precautionary principle, as it seeks to promote green energy to reduce or avoid the negative environmental impacts of fossil fuels. The precautionary principle is also applied to its activity.

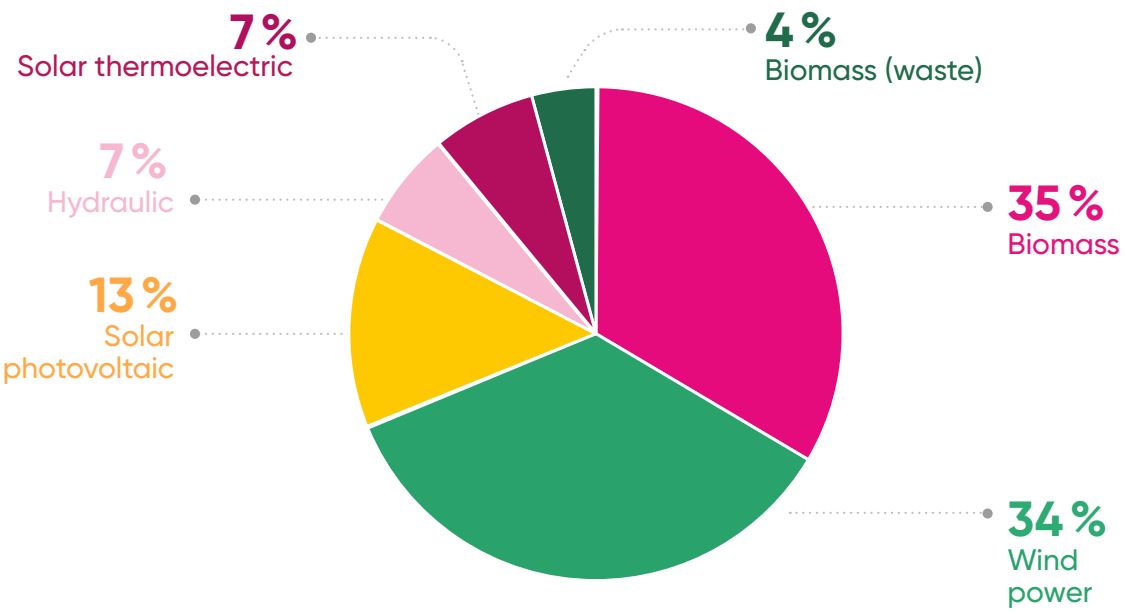
Holaluz decomissions gas commercialisation business

The company's focus on customers and environment was also evident in Holaluz's decision to end the commercialisation of gas in October for the benefit of its customers and as a solution to the unpostponable climate emergency.

Ending the commercialisation of gas focuses the company in a definitive and unique way on The Rooftop Revolution, Holaluz's bet to make the planet move entirely thanks to green energy.

Thanks to this, Holaluz clients will save more than 10 million euros in the first quarter of 2023 alone. In addition, this decision represents a reduction in the company's greenhouse gas emissions and reinforces its commitment to decarbonisation and the objectives of the Paris Agreement and the European Green Deal.

Guarantees of origin





Environmental Management

is a cross-cutting aspect that permeates throughout all its teams. Sensitization and communication of the environmental commitment are ingrained in the company's DNA and materialize in its ESG Policy. , where the business strategy seeks to maximize the positive impact on the environment and mitigate any negative impacts that may arise from the company's own operations.

The company's Solar First approach has brought about a significant change in Holaluz's operations in 2022, as logistics warehouses, a fleet of vehicles for installation and sales teams, as well as different materials for solar installations, have been acquired as part of the company's business development.

With the opening of logistics warehouses, Holaluz's responsibility has expanded to ensure good management of the resources used, waste generated, and reduction of carbon emissions associated with its activities, as they are the most significant factors of its environmental impact. For this reason, the company has begun working in 2022 on the implementation of an environmental management system based on ISO 14001.



CIRCULAR ECONOMY, WASTE PREVENTION AND MANAGEMENT

As established in its **Waste Management Policy,** the company prevents and manages waste, encouraging reuse and recycling in solar installations and the installation process.

In 2021, Holaluz signed a solar panel recycling collaboration agreement with **La Hormiga Verde.** This special employment centre manages "Waste from Electrical and Electronic Equipment" (WEEE) from collection to reuse. The organisation now reuses 100% of waste from electronic equipment and solar panels generated by Holaluz's activity.

In 2020 the company signed a collaboration agreement with **Fundació Banc de Recursos** to give a second life to computer equipment (screens, keyboards, mice, laptops and towers) that have been amortised, thereby extending their useful life.

Holaluz avoids producing any waste in its offices by using selective waste containers for paper, plastic and glass in offices. Its water fountains are connected to water supplies that do not generate plastic waste, and all single use plastics have been eliminated through collaboration agreements with food suppliers that use biodegradable packaging.

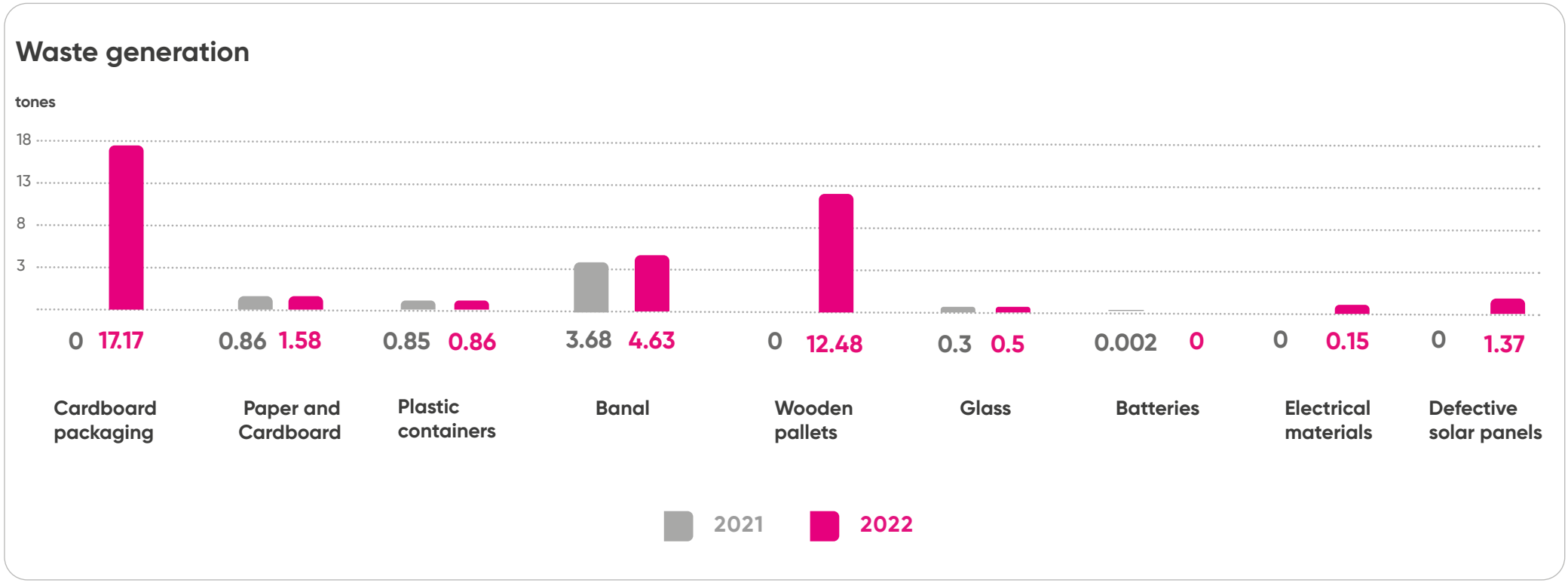




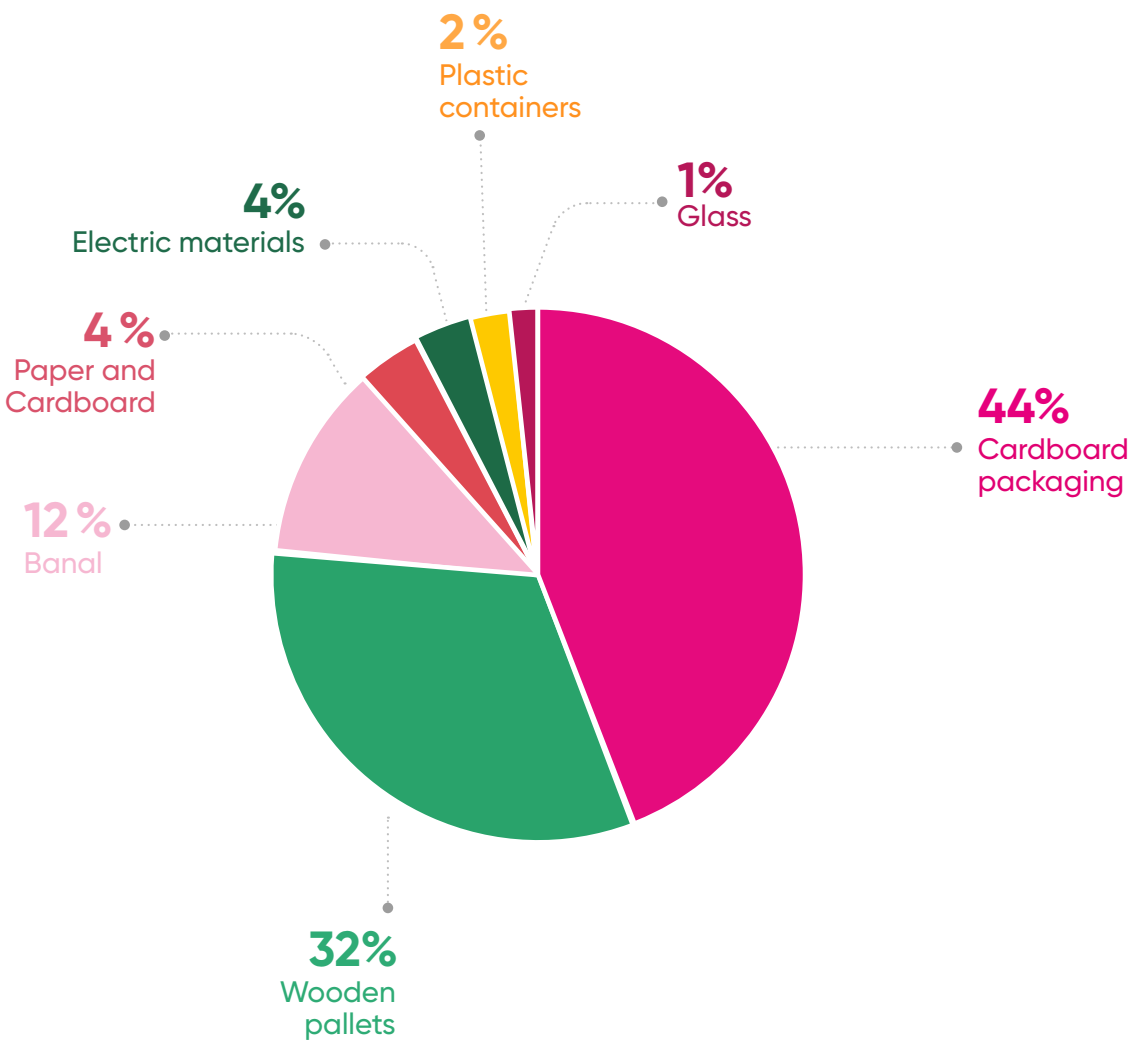
WASTE GENERATION

All waste produced in the warehouse, mainly packaging from pallets, cardboard packaging, and plastic labels, is regularly prepared and sent to waste management centres. **A total of 88% of all waste generated was destinated for reuse and recycling in 2022**.

During the period reported, Holaluz estimated the annual waste generated, which is displayed in the graph below. The company does not produce hazardous waste.



Distribution of waste generation 2022

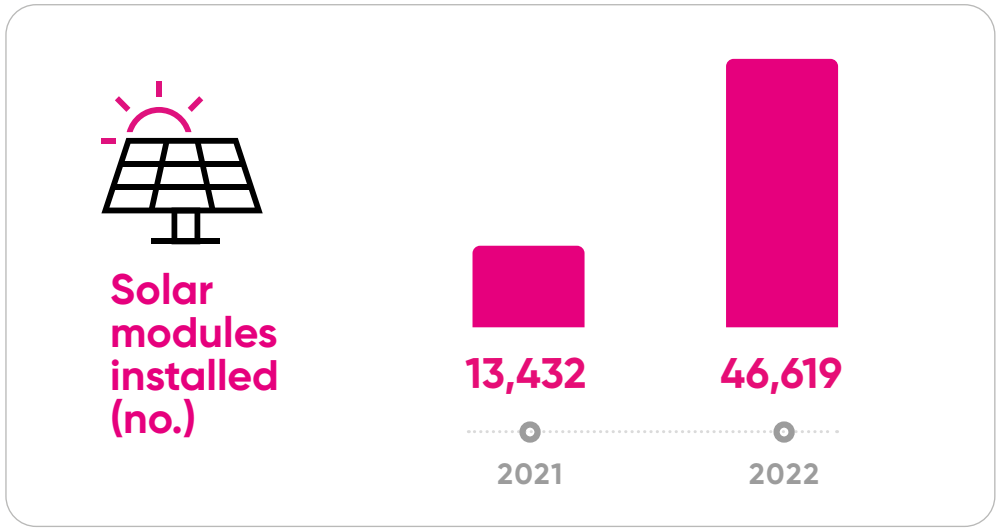




RESPONSIBLE USE OF RESOURCES

Raw materials

The most important raw material for the company is the photovoltaic installations material. During this year, the number of installations carried out has multiplied by more than 3. The importance of these installations has led to the implementation of measures to avoid the negative impacts derived from them.



For more specific information about the company's use of materials, see **Annex I - Indicators - i. Environment.**

In 2022, Holaluz introduced measures to reduce raw materials consumption, including:

- Bulk purchases of stock and stockpiling equipment used in solar installations to reduce the environmental impact associated with the transport of goods.
- Raising awareness of the responsible use of office resources.
- Sending invoices to customers by email instead of by post saved 145 tonnes of CO_2 and 3,018 tonnes of water during the year.



Energy consumption

The energy consumption in Holaluz's operations includes the facilities where the company's various activities are carried out, as well as the fleet of vehicles, which is an active and fundamental part of the services it provides.

The offices and warehouses are powered entirely by **100% green electricity** commercialised by the company.

Electricity consumption

259,651 kWh

100% green energy

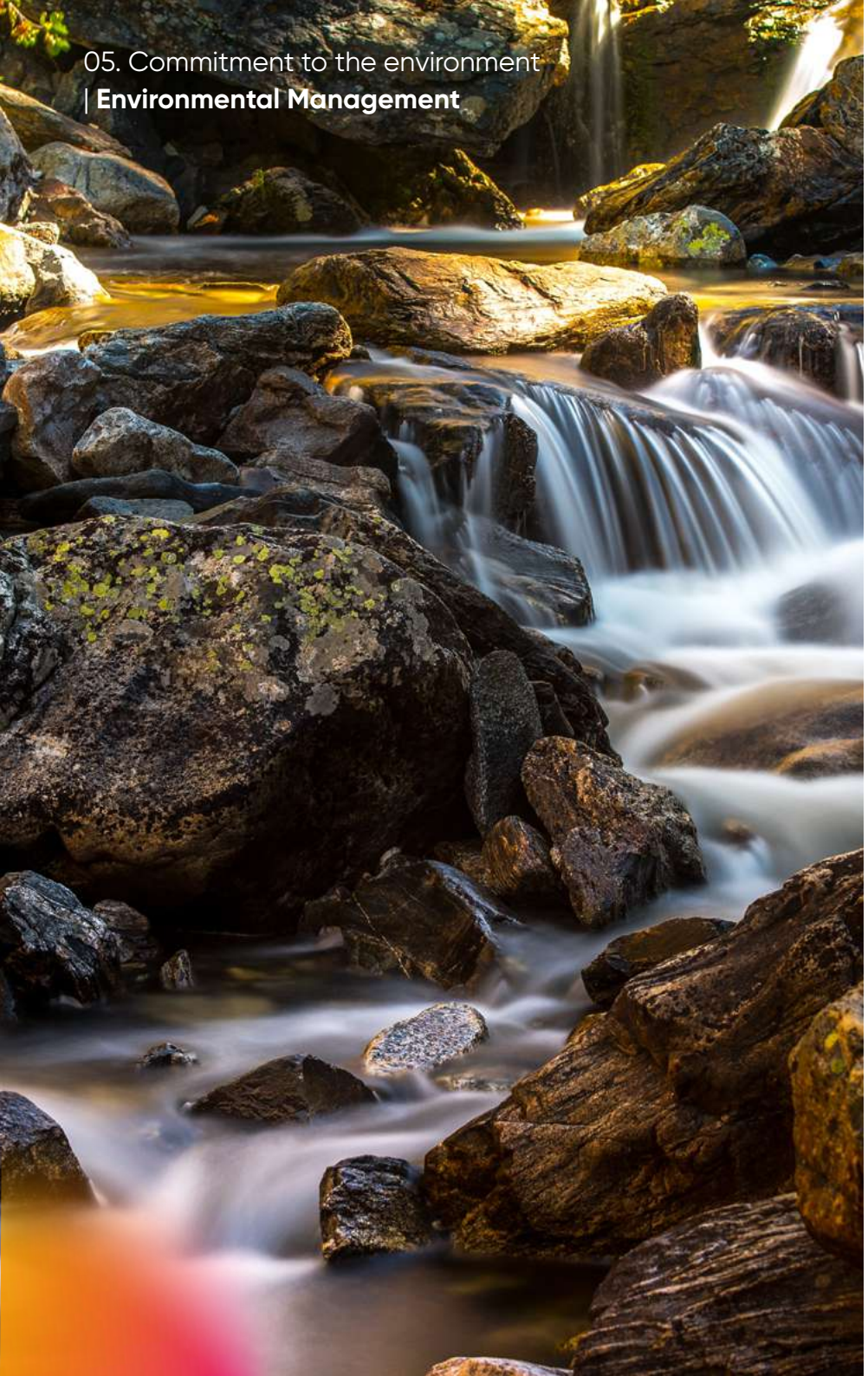
Fuel consumption

91,587

diesel litres

As regards energy efficiency measures at Holaluz sites, these are limited, since all these properties are leased. However, the headquarters - where most activity takes place - has LED lighting and undergoes regular energy efficiency audits that include energy, technical and economic feasibility analyses of energy saving measures.

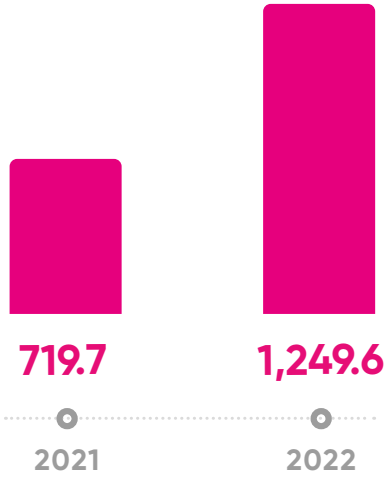




Water

Holaluz uses water mainly for sanitary purposes on its premises (offices and warehouses). All water supplied to its premises comes from the mains and is discharged into the municipal sewers.

Consumption of water (m^3)



According to the Aqueduct Water Risk Atlas, most of this water is obtained from areas classified as medium risk.

CLIMATE CHANGE

Holaluz's commitment to decarbonising its activities means the company needs to identify and use resources that reduce its emissions. Therefore, Holaluz monitors and publishes the CO_2 emissions it generates.

In 2022, Holaluz has implemented various initiatives:

Has joined the United Nations **Business Ambition for 1.5°C campaign** and it is currently working on defining **science-based emission reduction targets according to the Science Based Target Initiative (SBTI)**. The aim is to achieve net zero emissions well before the goals set by the European Union.

Has participated in the United Nations **Climate Ambition Accelerator** programme, which aims to increase company's climate action, fulfilling significant commitments to reduce emissions on larger scales.

Has used sustainable software and has implemented Thoughtworks' **Cloud Carbon Footprint tool** to measure the carbon emissions derived from the Cloud and to take measures to reduce them. In this context, it has identified potential emissions savings of approximately 20% by redesigning the cloud use.



CARBON FOOTPRINT

In 2022, Holaluz calculated its CO_2 emissions following the GHG Protocol of Greenhouse Gases methodology for management and reporting purposes. The scope and emissions identified across the company's business value chain were as follows:

- **Scope 1:** Measurement of vehicle emissions and fuel consumption.
- **Scope 2:** Emissions from use of electricity. All electricity consumption is measured according to market-based and location-based methodologies [19].
- **Scope 3:** Purchased goods, services and capital goods, fuel and energy activities, upstream transport and distribution, waste generation, business travel, employee commuting, downstream transport and distribution, use of traded products.

Emissions by scope are shown below:

2022 (tCO_2e)	**2021** [20] (tCO_2e)	**Scope**
335.12	118.99	Scope 1
0.00	0.00	Scope 2 (market based)
67.25	20.51	Scope 2 (location based)
74,785.13	71,828.73	Scope 3
75,120.25	**71,947.72**	**Total(market based)**
75,187.50	**71,968.23**	**Total (location based)**



To calculate emissions, the total consumption within each scope was multiplied by its corresponding GGE emission factor.

The main emission factors used to calculate the equivalent Scope 1, 2 and 3 CO_2 emissions are those proposed by the Department for Environment, Food and Rural Affairs (DEFRA) and obtained from the national calculators provided by the Ministry for Ecological Transition and Demographic Challenge (MITECO) and the Catalan Office for Climate Change.

[19] All electricity consumption is measured using two methodologies: market-based and location-based. The location-based methodology reflects the average emissions intensity of the grids where the energy consumption takes place (mainly using average grid emission factor data) and the market-based methodology reflects the emissions of the electricity that companies have purposely chosen (or their lack of choice).

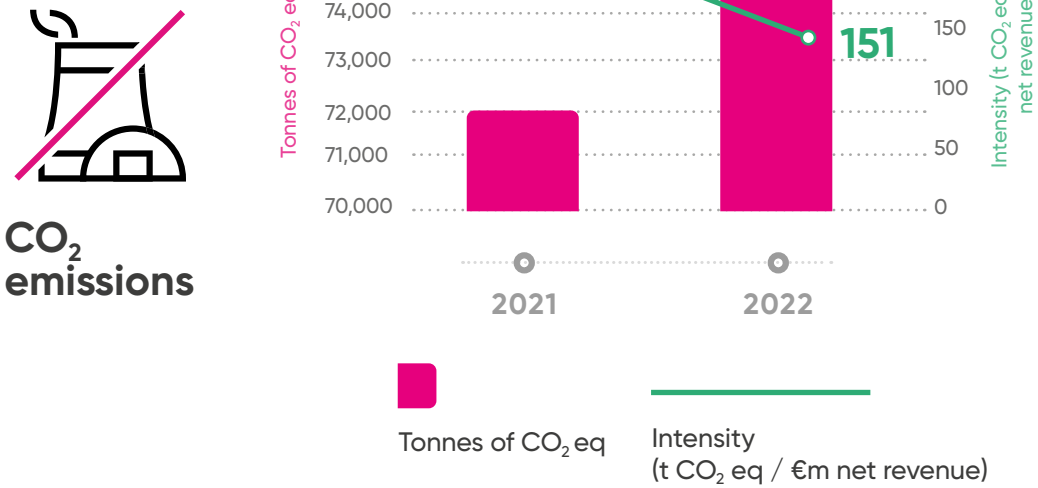
[20] The emissions generated in the period 2021 have been recalculated considering the total scope of the organisation.

The company **certifies its carbon footprint calculation according to the ISO 14064:2018** framework across all three scopes (1+2+3). This is presented at the end of this report.

The company's **GHG emissions intensity** has been **reduced by 37%**[21] in 2022 compared to the previous year.

At the end of this report, Holaluz has voluntarily registered its 2022 Carbon Footprint and emissions reduction plan in the **Carbon Footprint Registry of the Ministry for Ecological Transition and the Demographic Challenge** (MITECO).

Finally, Holaluz has offset more than 80% of its GHG emissions through the acquisition of carbon credits from projects that promote energy transition, specifically in two projects located in China and one in Pakistan, all three linked to renewable energy generation.



[21] The revenue considered for the calculation of emissions intensity does not include the representation business line, which is affected by the volatility of electricity prices and has no impact on the carbon footprint.





06
Commitment to people

Holaluz as a workplace

With the conviction that companies are the people who make them up, Holaluz has created an ecosystem where team members can grow in an integral way, being the best version of themselves.

The holistic growth of the team is achieved with a business model based on two pillars: flexibility and autonomy. This enables employees to balance their work and family lives. Examples of this are working-by-objectives methodology and flexible hours.

This system promotes equity at all decision-making levels. So far, technology and solar teams have been dominated by men, however, the company is introducing specific measures to promote parity and meritocracy quotas.

The company has set up a Purpose-Driven Organisation with dedicated OKRs (Objectives and Key Results) whose mission is to achieve goals with a high impact on the business.

Their main objectives are:

- ✓ Work on most important nationwide, high-impact initiatives.
- ✓ Unite company teams to streamline cross-cutting projects.
- ✓ Make middle management responsible for business sub-OKRs and authorise them to lead the necessary initiatives to achieve them.
- ✓ Achieve the company's targets and results.

Holaluz has an **Employee Development Policy** with measures that define, design, and disseminate a management model with two main goals. Firstly, to attract, promote and retain talent, and, secondly, to encourage personal and professional growth of everyone in Holaluz. This includes:

01 **Attracting talent with purpose and vision**
talented recruits join a company with a sustainable purpose and vision. Holaluz is the first European Electricity company to gain the B Corp certificate (recognition of how we maximise the positive impact on employees, the community, and the environment).

02 **Retain talent through culture**
ours is a results-based approach that keeps everyone motivated in the pursuit of achievements.

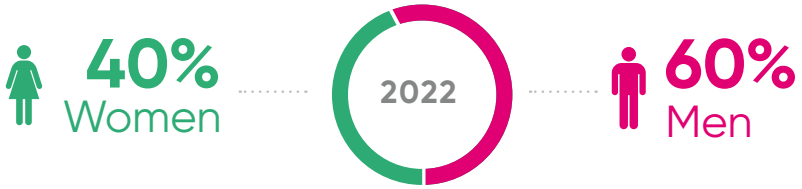
03 **Achieve goals through teamwork**
effective teamwork is a sign of success. It requires supporting and growing together. Our individual, group and company objectives ensure balanced, sustainable remuneration. Group and business objectives are shared to promote teamwork.

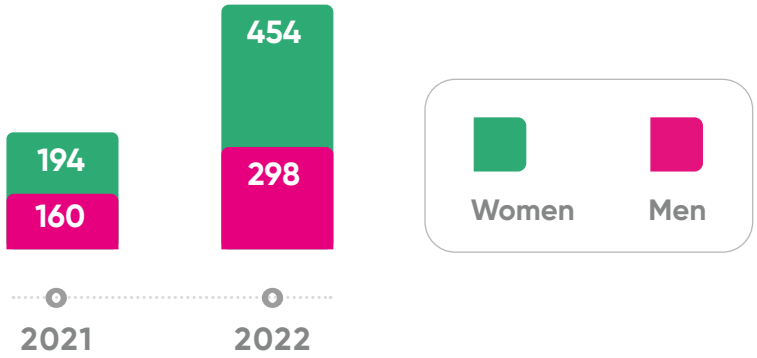


THE HOLALUZ TEAM IN NUMBERS

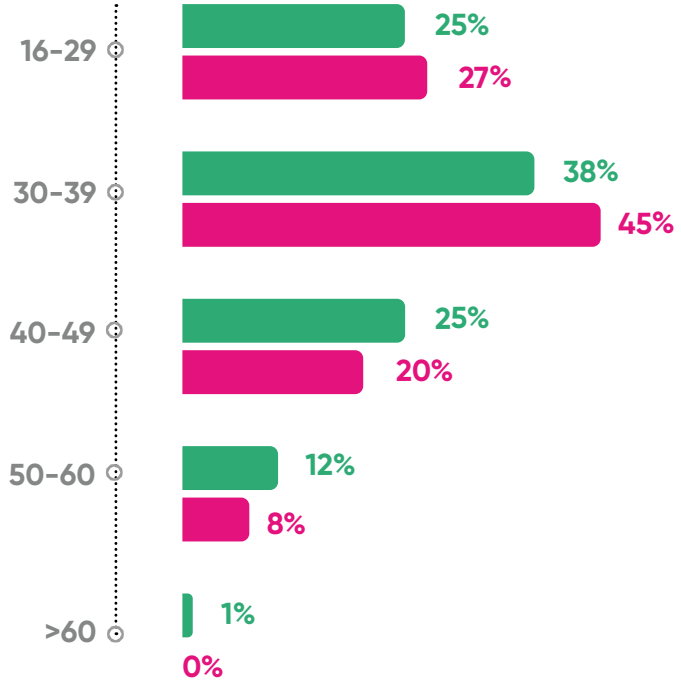


Employees by gender

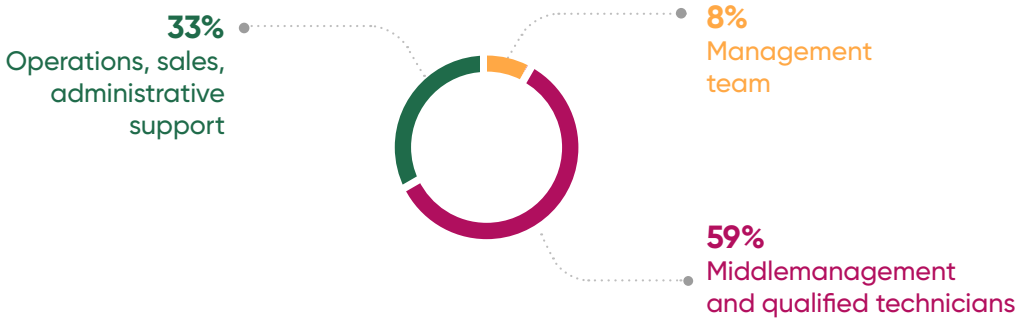




Employees by age



Employees by professional category



[23] The entire team is located in Spain and the management team equivalent to the Management Committee has also been recruited locally (Spain).

FULL-TIME STAFF



Permanent employees

98%
Management team

95%
Middle management and qualified technicians

94%
Operations, sales, administrative support



Full-time staff

100%
Management team

99%
Middle management and qualified technicians

96%
Operations, sales, administrative support

COMPENSATION

Holaluz offers a fair compensation package. Employees receive a **fixed salary** based on impact, merit and promotions, and **a variable bonus based on objectives**. Targets are set at a team, company, or individual level, which ensures balanced and sustainable variable pay. The objectives of most of the company teams (apart from the sales team) are shared across the company, meaning everyone works together.

In addition, Holaluz offers the team the option **to buy shares of the company** through salary deductions, salary deductions. It also has a **flexible compensation plan** that allows the team to receive a portion of their annual salary in goods and services, adjusted for individual personal needs of each, allowing them to take advantage of tax benefits. Significantly, all bonuses and objectives are directly linked to the growth of the business, and therefore to the promotion of energy transition and fight against climate change.

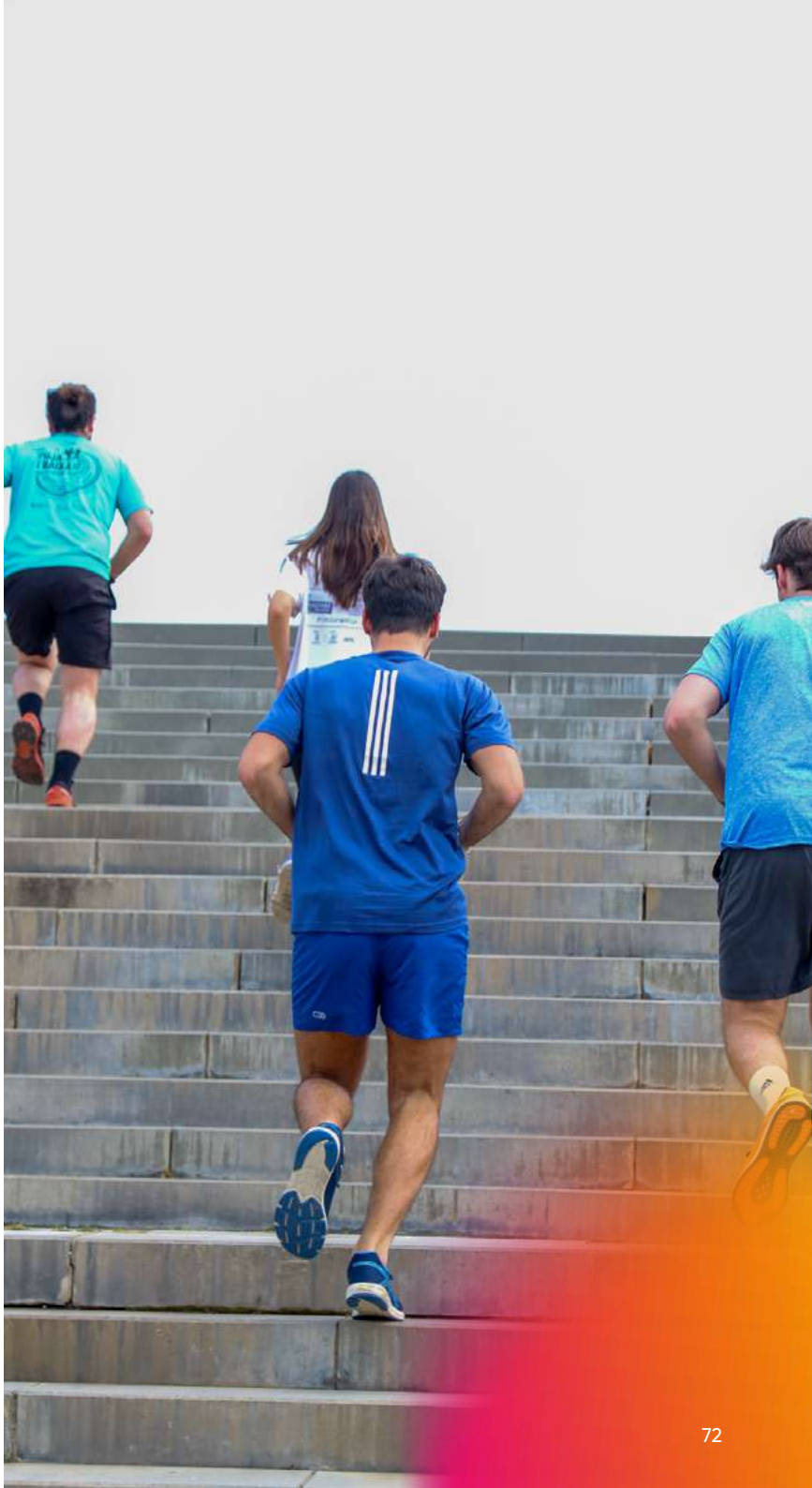
Well-being and work-life balance

At Holaluz, the **well-being of the team** is essential. A serene workplace where everyone is listened to encourages a feeling of belonging and strengthens engagement. With this objective in mind, several policies and procedures have been implemented, including the following **benefits**:

- Low-cost **private medical** insurance (50% covered by Holaluz).
- Subscription to **yoga and crossfit** classes in the office with reduced fees.
- **Flexible remuneration** programme.
- **Healthy food and organic fruit** every day in the office, which meet Fairtrade guidelines.
- Option to attend **coaching sessions** aimed at improving their skills and managing issues that could impact the emotional and mental wellbeing .
- **Collaboration with Cooltra** through its Business Sharing for Employees service - a competitive and safe option for sustainable mobility that offers motorcycles and e-bikes with numerous benefits and low flat rates.

Holaluz is also the first electric company to obtain the **Baby Friendly Company** certification. This day-care programme helps parents to combine personal and working commitments and offers childcare services and orientation sessions. Holaluz was also one of the first companies to offer optional paid parental leave.

baby friendly companies



The company is committed to **balancing personal, family and work life**, promoting work by objectives and time flexibility. This encourages team co-responsibility and autonomy.

The company is organised in coordination with its teams to achieve the objectives. However, some professional categories such as installers and solar experts (commercial) have hourly guidelines.

ABSENTEEISM[25]

2022	Women	Men	Total
Hours of absence for common contingencies	11,112	19,424	30,536
Absenteeism rate(%)	2.6	2.8	2.7

2021 [26]			
Hours of absence for common contingencies	8,648	577	9,225
Absenteeism rate (%) [27]	3.5	0.2	1.9

The increase in total hours of absenteeism compared to the previous year is due to an increase in the workforce and the increase in the scope of information .

[25] Absenteeism rate: (hours of absenteeism due to common contingencies/total hours worked)*100

[26] Does not include the company Katae Energia, SL.

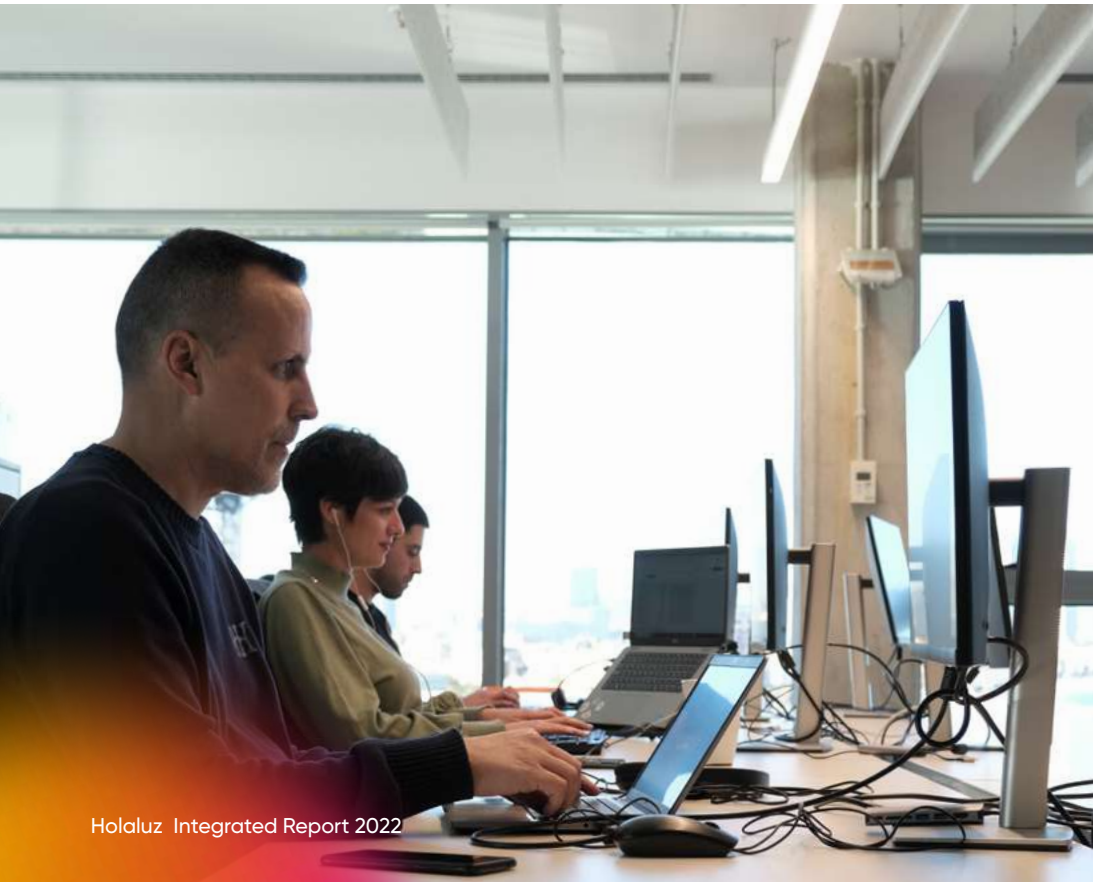
[27] The absence rate has been recalculated with the average hours worked by employees according to the company to which they belong.



Holaluz promotes a safe and respectful working environment among its team members. In June, the company introduced a Occupational Health and Safety Policy based on the fundamental principles of Health and Safety at Work, which are essential for fostering a culture of occupational risk prevention in companies.

The Prevention Services prepare an annual report outlining all actions carried out to guarantee workers' health and safety. These actions include risk assessments, emergency plans, training programmes and the development of risk information sheets.

A highlight of the year was The Road Safety Awareness campaign, which included a driving simulator practice and interactive experience with distortion goggles to simulate being under the influence of alcohol or drugs.



ACCIDENTS[28]

2022

	Women	Men	Total
Work accidents with leave (Cases)	0	11	11
Work accidents with leave (Hours)	0	1,520	1,520
Accident frequency rate	0	15.59	9.72
Accident severity rate	0	0.27	0.17

2021

	Women	Men	Total
Work accidents with leave (Cases)	0	0	0(*)
Work accidents with leave (Hours)	0	0	0
Accident Frequency rate	0	0	0
Accident severity rate	0	0	0

[28] Frequency rate: number of work accidents with sick leave by gender/total hours worked by gender * 100.000. Severity rate: days lost due to work-related accidents by gender * 1,000/total hours worked by gender.

(*)The number of work accidents with leave has been corrected for 2021 as the only work accident did not result in any time off work.

Participation

Holaluz is committed to maintaining high **team satisfaction** and carries out weekly enquiries focused on distinct aspects of the daily work routine through the Officevibe tool. Some of the metrics evaluated are relationship with managers, Holaluz ambassadors, feedback, happiness, satisfaction, personal growth, recognition, relationship with colleagues, well-being, and alignment. Also, the company gathers information on an indicator, called eNPS[29] (employee net promoter score), on the likelihood of staff members to recommend Holaluz. The company's current average eNPS over the reporting period from this survey is 29.

The company actively encourages open communication and team members' participation. In this context, the following events, which take place regularly, allow the team to learn and #HaveFun together.

- ## All Hands
  The entire Holaluz team meets to report on the company's performance and upcoming projects.

- ## HolaTalks
  External and internal speakers are invited to our offices in a hybrid event to share their knowledge and experiences, based around the company values.

  - **27 January. The era of impact: ESG at the heart of corporate strategies. The internal Corporate Communications and Impact team** explained how the company integrates ESG (Environmental, Social, Governance) criteria into its daily operations to promote positive impact on society and generating shared value for all its stakeholders.

  - **4 May. The path to trust, personal skills to communicate better. Ferran Ramon-Cortés,** writer, and communication expert, explained the four basic pillars of interpersonal communication and its associated skills. He encouraged reflection on how to develop these skills, with the aim of achieving communication that connects us with others and fosters cooperative relationships.



  - **27 October. Creating impact: turning challenges into opportunities. Marga de Rossello Carril**, Sustainability and Climate Change Partner of PwC, explained how companies can participate in addressing major challenges facing humanity, while generating positive Economic Impact.



- ## Team Buildings
  Group experiences that are out of the ordinary to live the values, share different work sessions and the spirit of team.

- ## Coffee & tea roulettes
  Meetings (in Spanish and English, respectively) where the participants meet, in the office or virtually, to have a coffee and get to know the rest of the members, as well as their teams, their roles and the work they do.

[29] The eNPS or Employee Net Promoter Score is a tool that allows to know the degree of loyalty of employees with their company. It is a comprehensive survey among the workforce, who must answer the following question: "Would you recommend a friend to work at your company?". An Employee Promoter score above +10 is considered a good eNPS. The figures generally found are between -10 and +10.

Development and growth

Holaluz strives to create a working environment where employees can reach their full potential. To do this, the company has an **Employee Development Policy** that establishes measures and processes to attract, motivate and retain talent, as well as to boost the personal and professional growth of the entire team.

It also provides employees with a **career plan and future projection** and offers a personalised onboarding experience for new recruits. Additionally, Holaluz's culture, based on values, beliefs and practices, guides its talent and performance management model through self-assessment sessions and evaluation meetings. Here, the **70/20/10 model** is promoted through the following initiatives:

SHAKE & PLAY

A talent management programme led by People applied to the company and the entire company to make progress in areas such as identifying employees in the nine boxes grid, work on tailored actions such as individual development and improvement plans, and support managers from the *Human Resources Business Partner* role with calibration meetings to ensure consistent, coherent assessments.



LEARNING & DEVELOPMENT GUIDELINES

Define, detail, and publicly share training initiatives available to the team via Notion[30]

- **Holaluz University**, a free virtual learning centre, created so all team members can train to be experts in all relevant areas of Holaluz.
- **Individual Training.** All employees can request financing from the company for specific training.
- **Tailored training by teams**. When there is a specific need affecting an entire team or group of people from different teams, the People area coordinates the learning solution.
- **Spanish, English and Catalan language classes** are voluntary and free for the entire team.
- **Mentoring pilot programme** to develop leadership skills and disseminate good practices, where both mentors and mentees are part of the team.
- **Library and reading area** with free materials shared by employees and managed through an app for a streamlined, digital experience.
- **Holaluz Academy.** In 2022 Holaluz launched the Holaluz Academy with the aim of providing the company (and the sector in general) with qualified and competitive professionals to meet the current high demand for professionals in the photovoltaic sector and to be able to continue executing The Rooftop Revolution.

  Holaluz offers specialised training in photovoltaics through professionals with extensive experience in the sector, providing high quality standards and always seeking maximum excellence. With this, it wants to establish training guidelines for a sector lacking in regulated studies.

Holaluz also has the **Talent Nest Programme**, a set of learning programmes for youngsters aged between 16 to 22 whose family members are part of the Holaluz team. The initiative offers them first-hand work experience and allows them to get to know the different teams.

[30] Holaluz platform where you can find comprehensive information about the organisation.



Equity and diversity

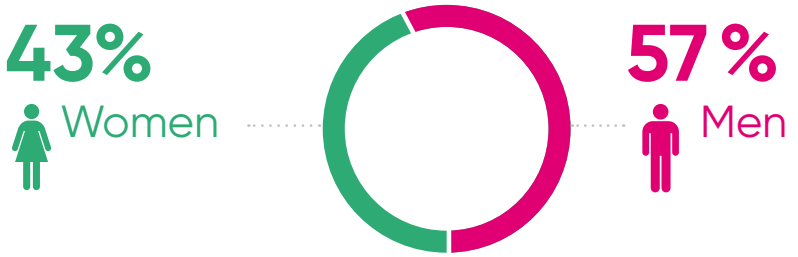
Holaluz is **truly committed to equity and diversity.** The company establishes and develops policies that promote equal treatment and opportunities between men and women, avoiding any kind of discrimination based on gender.

As a result, Holaluz has become a nearly gender-equal company at all levels of decision-making and across all teams. This achievement has been organic and is a source of pride for the company. However, in the current market, positions related to the field of technology, as well as solar experts (sales) and technical solar installation technicians, are dominated by men. Therefore, Holaluz is putting all its energy into promoting gender parity within these teams. To achieve this goal, the company has established quotas based on meritocracy and other innovative solutions such as a programme for technical staff in installations, making this the world's **first Academy for women solar installers.**

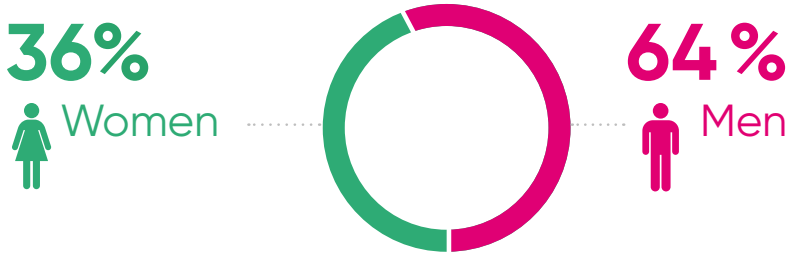
This year, the company has joined the **Women's Empowerment Principles (WEPs)**, a set of principles established by the United Nations Global Compact and UN Women. They are based on international labour and human rights standards to foster business practices that empower women.



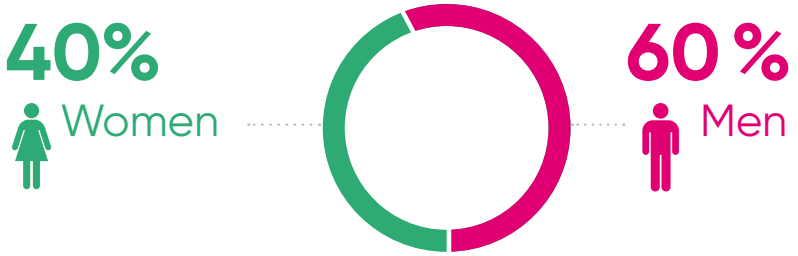
Women on the board



Female managers



Women on the team



Holaluz carries out different initiatives to achieve equity within the organisation as a strategic principle of corporate policy, some of which include:

Equity Committee

Together with the Trade Union Confederation of Workers' Commissions (CCOO) and the General Union of Workers (UGT), the Equity Committee updates the current equity plan according to the applicable regulations. It has also carried out a job assessment and created a compensation register.

The world's first school for female solar installers

The Holaluz Academy has proven to be a key factor in enhancing Holaluz value proposition to customers while leveraging operational excellence to increase financials and deliver the solar systems. The company's focus on women allowed us to create the first school for female solar installers worldwide.

Protocol to prevent and act against sexual harassment at work

It outlines how to prevent and act in the event of any sexual, moral or gender-based harassment quickly, objectively and confidentially, guaranteeing the privacy of the informant(s) or victim(s) of harassment and specifically determine the actions and internal sanctions resulting from said harassment.

Diversity policy

to ensure equal treatment and opportunities and the elimination of any discrimination based on disability, nationality, age, and gender within the company.

Collaboration agreement

with the **Aura and Estimia** foundations to promote the inclusion of people with disabilities within the company.





07
Commitment to society

Social action

Holaluz generates shared value for society by relying on mutual trust with its **customers**, hiring local supplier companies, and contributing to social causes. Customer satisfaction is a priority for the company, and we aim to offer the best experience, savings and solutions based on **artificial intelligence** and policies of quality and data security.

With the belief that a company can be **a tool to change the world**, Holaluz leads the transformation of the energy sector by generating shared value for both society and the planet. The company plays a key role in promoting **energy transition and the fighting against climate change**. This entails a genuine commitment to current and future generations and, as a result, in the obtention of multiple related recognitions.

Holaluz has been part of the **B Corp** movement since 2018, a movement that works to transform the system to create a fairer, more inclusive, and more regenerative economy. In 2022 the company updated its impact business model and achieved a higher score than the previous year, becoming the top-rated performer in its sector of companies with revenue over 1.5 million in Spain.
The company promotes local development by hiring local suppliers, specifically **95% of the expenditure on suppliers goes to local suppliers** who have the tax headquarters in Spain.

Holaluz is also an honorary member of **Co-persona**, which promotes social transformation through a network of collaboration and support of social co-responsibility, made possible by the integration and harmonisation of different social fields (administration, communication, business, education, social initiative and health).

In 2022, Holaluz has made monetary contributions to social causes worth €165,770, a significant increase compared to the contributions made the previous year which were €75,000. Holaluz has contributed to the following foundations:

Open arms
collaboration with an organisation that helps with the humanitarian crisis in Ukraine caused by the war.

José Antonio Segarra Foundation
collaboration with the foundation that was created to defend and promote the employment of people with intellectual disabilities and special difficulties as a means for their social integration throughout the Spanish territory.

FERO Foundation
participation in the charity dinner to raise funds for cancer research by the foundation.

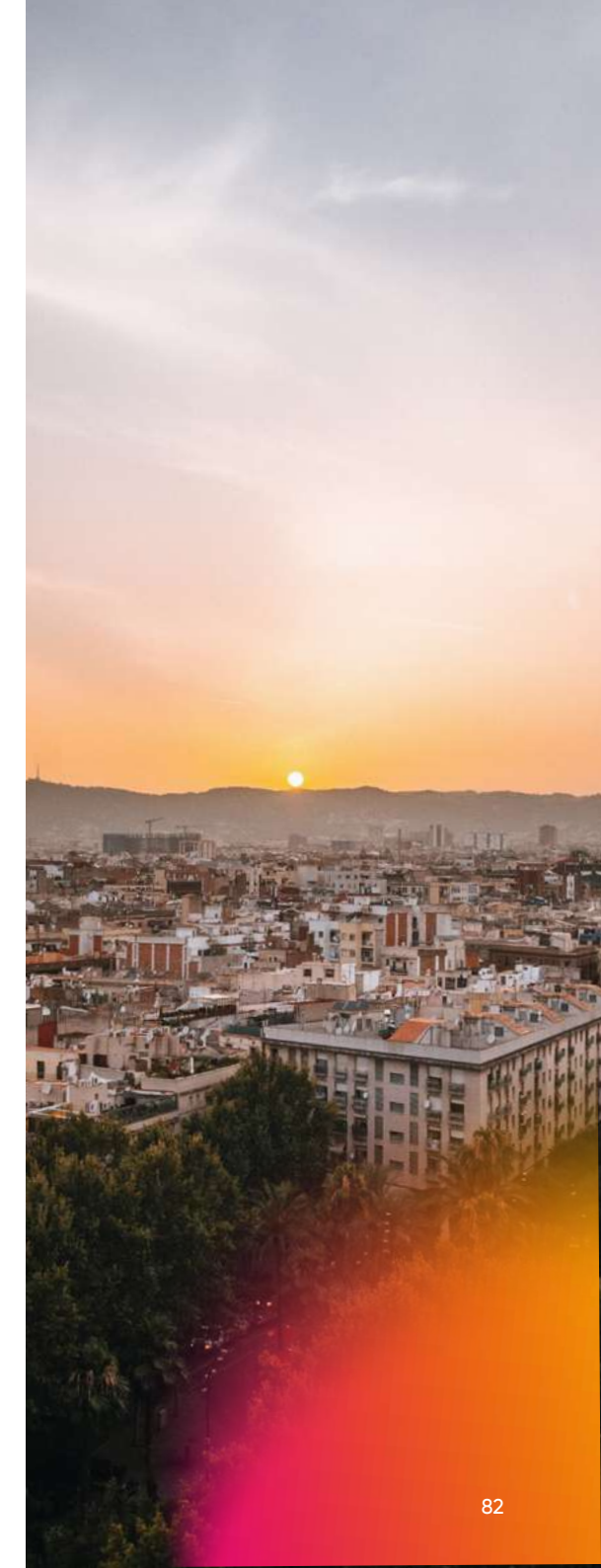
Joan Salvador Gavina Foundation
collaboration in the registration of two people for the Diploma of University Specialisation in Communication and Social Action Marketing of 2023 at the Blanquerna School of Communication and International Relations (URL).

Conscious Capitalism: Holaluz is the founding company of Conscious Capitalism in Spain, whose philosophy that recognises the innate potential for businesses to improve the world.

Food Bank Foundation: contribution equivalent to 770 kg of food for vulnerable families of the Christmas campaign 2021/2022, matching the contribution made by the Holaluz team on a voluntary basis.

The company has the internal **Bonusly** reward tool, where team members can redeem their points for donations to entities such as the Papallupes, Arrels Foundation, Open Arms, the Red Cross, and the Food Bank.

Holaluz also supports community development through a wide range of sponsorships such as:



During 2022, the company participated in and organised several events to share experiences and inspire the business community, investor, and society, including:

Fixing the Future Festival. Sponsor of the event in Barcelona with the mission of seeking creative solutions to change the world.



Investor Day 2022. First investor day since the company was listed on BME Growth. The event was held at the Holaluz offices and hosted more than 250 investors (both in person and online) where the main figures for the year 2021 were shared, and the impact model of the company and the team which made it possible were presented.

#BGoodDay 2022. Carlota Pi took part in a discussion in the "From purpose to action" panel discussion at the annual event of the B Corp movement in Spain where the topic was #SerB and how to put business ideas into practice while laying the foundations to move toward a more inclusive and sustainable economy.

DES 2022. Participation in a round table discussion in Malaga where Holaluz shared its experience as a high-growth Greentech company with a focus on technology and scalability.

AWS Summit Madrid 2022. Amazon Web Services has launched its infrastructure region in Spain (Aragon) and has taken advantage of the event to create synergies in the sustainability sector.

"Mario's Hour" by ElTiempo.es. A "dinner off" for the planet in the form of a panel discussion, where the future of sustainability was discussed with other responsible brands.

4YFN. Fireside chat with Carlota PI entitled 'How to Keep Purpose at the Core of a Scaling Organisation' moderated by Oriol Juncosa where they talked about the importance of having and maintaining a clear purpose in a high-growth company.

Bloomberg LP's Spain Capital Markets Forum in Madrid. Carlota Pi participated in the Promising & Fast Growing firms panel of companies together with Juan de Antonio (Cabify), Diego Cabezudo (Gigas) and Enric Asuncion (Wallbox Chargers). The debate focused on the prospects of the Spanish economy in a context of recovery and the impact of the EU's New Generation Funds on the green and digital space.

Competitiveness and Growth of the New Spanish Technology Company Through People. Participation in the round table discussion on the importance of talent generation and attraction as the main competitive element in high-growth technology companies.

Datathon against Racism. Sponsor of the competition organised by BcnAnalytics that aimed to develop an algorithm that could identify racist messages posted on Twitter. In addition to the monetary contribution, two teams made up of members of the Holaluz staff participated in the Datathon.

Customers

Holaluz puts customers at the centre of its decision-making process and strives to build a relationship of **mutual trust.** The company focuses on delivering the best experience to its customers and the highest savings through technology and data-intensive optimisation:

Customer Satisfaction for the solar installation business has an average of **8.3/10 rating**.

Customer Care tool that has enabled the resolution of more than **70% of incidents** in the first contact on average during the reporting period.

Artificial intelligence to accelerate solutions for customers.

Optimisation of solar surpluses to deliver the greatest savings to customers.

2022 has been a year of deep transformation for the energy sector and Holaluz. A year marked by unprecedented extreme volatility in energy prices and the war in Ukraine. These extreme market conditions have translated into significantly higher electricity bills for customers, consequently increasing the sector's revenue rates. Holaluz has not been immune.

As a result, the company's customer metrics were lower than usual, particularly with respect to the commercialisation of renewable electricity.

As for the solar installation business, **customer metrics continued to be optimal, earning an average rating of 8.3/10 in the customer surveys** conducted after each installation.



The company holds the **Confianza Online Seal**, the leading Internet quality certificate in Spain that recognises companies that guarantee maximum transparency, security and trust when buying from and browsing their websites.

For Holaluz, quality customer service is a key aspect, hence it is developing a **Quality Policy** and implementing a quality management system in accordance with ISO 9001, which it expects to obtain next year.

The company is also a member of the **Spanish Association of Experts in Customer Relations** (AEERC), a non-profit organisation whose mission is to provide its members with the necessary tools to improve their customer service. The AEERC, which represents more than 200 companies in Spain, is the representative of the European Confederation of Contact Centre Associations (ECCCO) and maintains close and growing relationships with its counterparts in Spanish-speaking countries.

Holaluz also has a **Default Policy**, based on humanity and respect. The supply is never cut off on Fridays. All reconnections are managed in 48 hours (most in 24 hours). Holaluz has never faced litigation related to cut-offs and we provide a wide range of payment methods to help our customers overcome difficult moments.

Customer data security is a priority, which is why we have a **Security Plan** containing detailed steps on improving the customer security management by implementing ISO 27001 management processes which are expected to be certified next year. This plan will ensure the protection, confidentiality and integrity of data and information, as well as the systems that process them.

Audits and intrusion tests are also carried out on IT systems and the implementation of solutions to improve and automate the management of information security. Verification mechanisms are also available in customer service to ensure that we only deliver information to the relevant customer. We are currently working to establish behavioural patterns with customer data and thus the company expects to offer better rates.

Despite all the established procedures, it is worth mentioning an isolated incident last November where unauthorised access to Holaluz' systems was detected that affected a limited number of customers and compromised some sensitive data. The incident was immediately resolved thanks to the diligence of the company, in accordance with current legal procedures and following the procedure established by the Spanish Data Protection Agency (AEPD).

Suppliers

Holaluz works throughout the value chain (particularly with suppliers and partners) and makes an effort to build positive and lasting relationships based on trust and mutual benefit by encouraging local purchasing. A total of 95% of the expenditure on suppliers is destined for local suppliers (companies that have their fiscal headquarters in Spain).

To ensure good long-term relationships with suppliers and partners, the company has developed a series of guidelines and rules that regulate relationships with third parties at all times. During the reporting period, work has been done to draft the **Responsible Purchasing Policy,** which establishes a set of principles and commitments that guarantee the alignment of the company's vision and its ESG commitments (environmental, social and governance) with its purchasing activities, and the United Nations Sustainable Development Goals (SDGs) framework. Likewise, the company has a Contract Policy that regulates relationships with third parties and, in addition, is the mechanism that ensures the commitment of the partners with l**egal compliance as well as ethical and anti-corruption standards.**

In addition, Holaluz only partners with companies that share its vision, values and commitment to sustainability and engages with public institutions to join forces and accelerate the change of society. In order to build the future and lead the transition of today's electricity sector, it partners with market experts.



Green energy distribution and transport companies

Holaluz works with the energy distributors established by the government according to the geographical area, which are responsible for delivering electricity to end consumers once they receive it from the carrier - Red Española de Electricidad (Spanish Electricity Network) - in the substations attached to the large consumption centres.

Independent producers of 100% green energy

Holaluz acts as a representative of Spanish and Portuguese producers in the electricity market (OMIE).

Network of installer companies

The company has its own team of installers, but it also uses the services of installation companies for some specific locations. The external installation team is carefully recruited and undergoes quality training and a trial period before starting work.

Material suppliers

Holaluz works to ensure the best quality-price ratio according to our customers' needs and the ESG strategy. Direct material costs have been optimised through a combination of different strategies by product category: solar panels, inverters, solar mounting structure, electrical equipment, and electric vehicle chargers.

All Holaluz contracting and commercial negotiations are governed by the principles of transparency and conducted in strict compliance with the law. The company does not tolerate the use of commercial or business-related corrupt practices and requires compliance with its **Code of Ethics**.

Holaluz has ad hoc **supplier evaluation processes** by typology. These include safety visits to the facilities by external installation companies and coordination meetings with external installation companies to review any on-site incidents, the company's documentation, and that of its team of workers and the safety criteria to be applied in the facilities. In the case of suppliers of solar facility materials, such as solar panels, with a higher potential environmental and social risk, the company evaluates its performance in these diMenions based on a documentary review of the external certifications, recognitions, public commitments and initiatives developed.





Annex

Annex I - Indicators

The following sections compare the company's performance across different indicators during 2022 with the results of the previous year.
In 2022, Holaluz's operations were significantly different compared to the previous year due to the Rooftops Revolution's fast growth. This is also the reason behind the increase in environmental and social vectors and includes acquiring logistics warehouses, a fleet of vehicles for the installation and sales teams, etc. purchasing materials for solar installations, and hiring staff to cover distinct functions within the development of the company.

I. ENVIRONMENT

The focus on environmental management is explained in chapter **5. Commitment to the environment.** The data reported refers to the entire company, unless otherwise stated.

Waste production in the office has been estimated according to the annual waste produced in the entire building and segregating the plants where Holaluz operates. An estimate of the waste generated by works has also been made for waste generated in warehouses.

1. Waste

Non-hazardous waste	Processing	2021 (t)	2022 (t)
Cardboard packaging	Transformation and reuse	-	17.17
Paper and cardboard	Transformation and reuse	0.86	1.58
Plastic containers	Recycling	0.85	1.66
Banal	Separation and transfer	3.68	4.63
Wooden pallets	Reuse	0	12.48
Glass	Transformation and reuse	0.30	0.50
Batteries	Reuse	0.002	-
Electrical materials	Separation and recycling	-	0.15
Defective solar panels	Separation and recycling	-	1.37
Total		**5.69**	**39.24**



2. Raw materials

Since 2022, significant raw materials for our activity have been quantified both in the office and in warehouses.

Raw materials consumed: Offices	Unit of measurement	2022
Paper	Unit	237,500
Stationary	Unit	2,087
Toner cartridges	Unit	13

Raw materials consumed: Installation of solar panels	Unit of measurement	2021	2022
Panels	Unit	13,432	46,619
Structures	Unit	13,432	46,601
Inverters	Unit	779	3,658
Smart meters	Unit	842	3,443
Microinverters	Unit	637	0

3. Water

Water consumption	2021	2022
Mains water (m^3)	719.70	1,249.60

Evolution of water consumption	2021	2022
m^3/employee	2	1.7

4. Energy

Energy consumed	2021	2022
Diesel (litres)	0	91,587
Gasoline (litres)	0	560
Electricity from renewable sources (kWh)	148,628	259,651

Consumption intensity	2021	2022
Electricity consumption/solar panel module installed (kWh)	11.07	5.57
Fossil fuel consumption/solar panel module installed (kWh)	N/A	1.98

5. Climate change

	2021	2022
t CO_2 eq/turnover (€M)[31]	238	151

[32] The turnover considered for this calculation does not include the representation business line, which is affected by the volatility of electricity prices and has no impact on the carbon footprint.

II. SOCIAL

1. Employees[32]

2021	Women						Men						Total
	16-29	30-39	40-49	50-60	>60	Total	16-29	30-39	40-49	50-60	>60	Total	
C.1	-	2	7	-	-	**9**	2	4	5	-	-	**11**	**20**
C.2	19	42	10	4	-	**75**	29	56	21	10	-	**116**	**191**
C.3	16	33	20	7	-	**76**	29	21	9	8	-	**67**	**143**
Total	**35**	**77**	**37**	**11**	**-**	160	**60**	**81**	**35**	**18**	**-**	194	354

2022	Women						Men						Total
	16-29	30-39	40-49	50-60	>60	Total	16-29	30-39	40-49	50-60	>60	Total	
C.1	2	9	8	3	-	**22**	3	16	15	5	-	**39**	**61**
C.2	51	86	40	11	-	**188**	52	91	73	40	2	**258**	**446**
C.3	25	33	21	8	1	**88**	52	50	34	20	1	**157**	**245**
Total	**78**	**128**	**69**	**22**	**1**	298	**107**	**157**	**122**	**65**	**3**	454	752

Regarding the significant increase of the Holaluz team, the company reinforced its structure during the 2022 fiscal year to carry out the Roofing Revolution, with the incorporation of many solar experts (commercial) and solar installers as well as support professionals across the rest of the organisation.

Classification by professional group

C.1 Management team

C.2 Middle management and qualified technicians

C.3 Operations, sales, administrative support

Time worked

FT: Full time

PT: Part time

[32] Number of employees counted with the Headcount system at 31/12/2022.

2. Contract modalities[33]

[33] Number of persons counted with the Headcount system as of 31/12/2021 and 31/12/2022.

2021		16-29	30-39	40-49	50-60	>60	Total	W	M	Total
		103	**151**	**61**	**26**	**-**	**341**	**148**	**193**	**341**
Permanent	F.T.	93	143	55	25	-	**316**	133	183	**316**
	P.T.	10	8	6	1	-	**25**	15	10	**25**
		2	**6**	**3**	**2**	**-**	**13**	**12**	**1**	**13**
Temporary	F.T.	2	5	3	2	-	**12**	11	1	**12**
	P.T.	-	1	-	-	-	**1**	1	-	**1**
Total		**105**	**157**	**64**	**28**	**-**	**354**	**160**	**194**	**354**

2021		C1	C2	C3	Total
		20	**191**	**130**	**341**
Permanent	F.T.	20	187	109	**316**
	P.T.	-	4	21	**25**
		-	**-**	**13**	**13**
Temporary	F.T.	-	-	12	**12**
	P.T.	-	-	1	**1**
Total		**20**	**191**	**143**	**354**

2022		16-29	30-39	40-49	50-60	>60	Total	W	M	Total
		170	**259**	**166**	**68**	**1**	**664**	**272**	**392**	**664**
Permanent	F.T.	158	257	160	67	1	**643**	262	381	**643**
	P.T.	12	2	6	1	-	**21**	10	11	**21**
		15	**26**	**25**	**19**	**3**	**88**	**26**	**62**	**88**
Temporary	F.T.	11	26	25	19	3	**84**	24	60	**84**
	P.T.	4	-	-	-	-	**4**	2	2	**4**
Total		**185**	**285**	**191**	**87**	**4**	**752**	**298**	**454**	**752**

2022		C1	C2	C3	Total
		60	**400**	**204**	**664**
Permanent	F.T.	60	394	189	**643**
	P.T.	-	6	15	**21**
		1	**46**	**41**	**88**
Temporary	F.T.	1	46	37	**84**
	P.T.	-	-	4	**4**
Total		**61**	**446**	**245**	**752**

3. Average of contracts[34]

[34] TIhe average numbers of contracts have been calculated according to the FTE by time worked in the year and by the percentage of the day.

2021		16-29	30-39	40-49	50-60	>60	Total	W	M	Total
		79,3	**126,7**	**50,3**	**17,1**	**-**	**273,4**	**129,5**	**143,9**	**273,4**
Permanent	F.T.	74,9	120,6	45,6	16,1	-	**257,2**	118,1	139,1	**257,2**
	P.T.	4,4	6,1	4,7	1,0	-	**16,2**	11,4	4,8	**16,2**
		0,1	**1,3**	**0,3**	**1,0**	**-**	**2,7**	**2,6**	**0,1**	**2,7**
Temporary	F.T.	0,1	0,3	0,3	1,0	-	**1,7**	1,6	0,1	**1,7**
	P.T.	-	1,0	-	-	-	**1,0**	1,0	-	**1,0**
Total		**79,4**	**128,0**	**50,6**	**18,1**	**-**	**276,1**	**132,1**	**144,0**	**276,1**

2021		C1	C2	C3	Total
		18,3	**161,5**	**93,6**	**273,4**
Permanent		18,3	157,4	81,5	**257,2**
		-	4,1	12,1	**16,2**
		-	**-**	**2,7**	**2,7**
Temporary		-	-	1,7	**1,7**
	T.P	-	-	1,0	**1,0**
Total		**18,3**	**161,5**	**96,3**	**276,1**

2022		16-29	30-39	40-49	50-60	>60	Total	W	M	Total
		132,9	**216,1**	**128,6**	**67,9**	**1,0**	**546,5**	**210,7**	**335,8**	**546,5**
Permanent	F.T.	129,3	214,6	125,5	67,7	1,0	**538,1**	205,9	332,2	**538,1**
	P.T.	3,6	1,5	3,1	0,2		**8,4**	4,8	3,6	**8,4**
		4,5	**7,0**	**8,4**	**5,3**	**0,7**	**25,9**	**9,9**	**16,0**	**25,9**
Temporary	F.T.	4,4	7,0	8,4	5,3	0,7	**25,8**	9,9	15,9	**25,8**
	P.T.	0,1					**0,1**	0,0	0,1	**0,1**
Total		**137,4**	**223,1**	**137,0**	**73,2**	**1,7**	**572,4**	**220,6**	**351,8**	**572,4**

2022		C1	C2	C3	Total
		53,4	**363,9**	**129,2**	**546,5**
Permanent		53,4	361,0	123,7	**538,1**
		-	2,9	5,5	**8,4**
		0,1	**18,3**	**7,5**	**25,9**
Temporary		0,1	18,3	7,4	**25,7**
	T.P	0,0	0,0	0,1	**0,1**
Total		**53,5**	**382,2**	**136,7**	**572,4**

4. Disability

	Women	Men	Total
2021	1	3	**4**
2022	2	5	**7**

Holaluz has signed collaboration agreements with the Aura and Estimia foundations to promote the inclusion of people with disabilities within the company and comply with the applicable laws in this area.

5. Dismissals[35]

	Women						Men					
2021	**16-29**	**30-39**	40-49	50-60	>60	Total	16-29	30-39	40-49	50-60	>60	Total
C.1	-	-	-	-	-	**-**	-	-	-	-	-	**-**
C.2	2	8	3	-	-	**13**	6	3	3	-	-	**12**
C.3	-	-	-	-	-	**-**	-	-	-	-	-	**-**
Total	**2**	**8**	**3**	**-**	**-**	**13**	**6**	**3**	**3**	**-**	**-**	**12**

	Women						Men					
2022	**16-29**	**30-39**	40-49	50-60	>60	Total	16-29	30-39	40-49	50-60	>60	Total
C.1	-	-	-	-	-	**-**	-	1	-	1	-	**2**
C.2	2	1	2	2	0	**7**	13	7	6	15	2	**43**
C.3	-	-	-	-	-	**-**	-	-	-	-	-	**-**
Total	**2**	**1**	**2**	**2**	**-**	**7**	**13**	**8**	**6**	**16**	**2**	**45**

[35] Cases of failure to pass the probationary period or termination of temporary contracts have not been considered dismissals.

6. Remuneration[36]

	Women	Men	16-29	30-39	40-49	50-60	>60
2021	33,318	37,529	28,024	36,769	44,525	37,918	0
2022	35,448	37,039	29,499	40,506	41,708	30,764	13,162

	C.1	C.2	C.3
2021	85,115	38,710	**24,370**
2022	88,750	34,297	**28,153**

7. Salary gap[37]

	Global
2021	10%
2022	4%

8. Average remuneration of governing bodies[38]

2021	Women	Men
Directors (*)	71,406	92,165
Management team (**)	66,822	69,194

2022	Women	Men
Directors (*)	124,482	126,849
Management team (**)	92,240	85,422

The average compensation has been updated according to market levels.

[36] The calculation of the remuneration has considered fixed pay and variable pay received in the year and has been adjusted according to the FTE by time worked in the year and by the percentage of the day.

[37] Salary gap: Average remuneration men - Average remuneration women / Average remuneration men,

[38] The average remuneration of the governing bodies includes variable pay. They do not receive remuneration in the form of allowances, compensation, or other items.

(*) Average remuneration per Headcount - Including the shareholders
(**) Calculated by FTE

9. Training

2021	Women	Men	Total
C.1	51	141	**192**
C.2	1,235	521	**1,756**
C.3	162	51	**213**
Total	**1,448**	**713**	**2,161**

2022	Women	Men	Total
C.1	14	1,151	**1,165**
C.2	985	3,382	**4,367**
C.3	2,243	10,734	**12,977**
Total	**3,242**	**15,267**	**18,509**

Training hours increased significantly with respect to the previous year due to the growth of the Rooftop Revolution. Numerous hours have been devoted to the training of sales staff and solar installers. Thanks to our improved information systems, we have been able to obtain information from more training sources compared to 2021.

10. Customer complaints

In 2022, we received a total of 1,820 complaints through consumer agencies with respect to the 631 received in 2021. The increase in complaints received is explained by the regulatory changes that occurred throughout the period reported, billing incidents and the divestment of the gas business, among other reasons. Complaints are handled within one month after receiving them. During the following year, the company will provide a detailed report on the accepted and rejected complaints. Clause 10 of the company's general terms and conditions contract sets out the mechanism for making a customer complaint directly to Holaluz. Customers also have access to the out-of-court procedures available by law.

11. Tax information

2021	Pre-tax result (€ 000s)	Income tax (€ 000s)	Public subsidies (€ 000s)
Spain	(11,395)	3,709	93
Portugal	(898)	181	-
France	(4)	-	-
Italy	(5)	-	-
TOTAL	**(12,302)**	**3,890**	**93**

The grant received in 2021 is part of the European HORIZON 2020 project whose objective is, among others, to finance R&D projects and actions aimed at replacing fossil fuel vehicles with battery-electric vehicles that generate and use clean and more efficient energy.

2022	Pre-tax result (€ 000s)	Income tax (€ 000s)	Public subsidies (€ 000s)
España	(6,036)	2,969	0
Portugal	(2.602)	557	0
Francia	(3)	0	0
Italia	(6)	0	0
Total	**(8,647)**	**3,526**	**0**

No subsidies of any kind have been received during fiscal year 2022.

III. GOVERNANCE

1. Governing bodies

Governing bodies	Meetings	Attendance
Board of Directors	13	100%
Audit Committee	2	100%
Nomination and Remuneration Committee	1	100%

2. Ethical channel: communications received

In 2022, Holaluz received 28 communications through the Alerts channel, compared to none in 2021. This sharp increase can be explained by the awareness campaign regarding the Alerts Channel undertaken internally and externally on the Holaluz website. None of these communications have been classified as complaints since the main reason for them were incidents with customers were subsequently redirected to the Customer Care team.



Annex II - Taxonomy and climate risks

1. The European Union Taxonomy and Holaluz's purpose

In recognition of the need for a progressive and effective response to the pressing threat of climate change, the Paris Agreement was adopted in 2015, which aims to keep the global average temperature rise well below 2°C (preferably 1.5°C). with respect to pre-industrial levels.

To achieve this global goal, the European Union (EU) has set the goal of becoming carbon neutral by 2050, and to reduce greenhouse gas emissions to at least 55% below 1990 levels by 2030.

Aware of the enormous effort that decarbonisation of the economy will entail, the EU has developed a set of measures to involve private capital in the path of the ecological transition and to redirect capital flows toward environmentally sustainable and inclusive activities, enabling climate-resilient economic development with low greenhouse gas emissions. To be able to achieve its carbon neutrality objective by 2050, the European Commission has developed a comprehensive policy agenda on sustainable finance to ensure the achievement of this ambitious climate change goal, which includes the "Sustainable Finance Action Plan" of 2018, and the "Action Plan for financing the transition to the sustainable economy" published in July 2021. At the heart of this Action Plan is Regulation (EU) 2020/852 (hereinafter the EU Taxonomy Regulation or EU Green Taxonomy), an essential lever to achieve the goal of achieving a Net Zero European Union by 2050.

The Sustainable Finance Action Plan aims to reorient capital flows towards sustainable investment and manage financial risks arising from ESG issues.

The Action Plan and, more specifically, the Taxonomy, aligns with Holaluz's purpose: to create and live in a 100% renewable world. The company was formed in response to the global challenge of climate change, enabling the transition to renewable energies and, it is now the first company to exclusively commercialise green energy from renewable sources, and is among the leading companies in the solar segment in Spain. Therefore, the Taxonomy makes it possible to put Holaluz's pioneering approach to pursuing an energy transition model that pursues decarbonisation in line with the EU's climate objectives.

Holaluz and all the people who believe in its energy, will continue to progress toward the 2030 and 2050 objectives, and all those which are yet to come.

What is the EU Taxonomy Regulation?

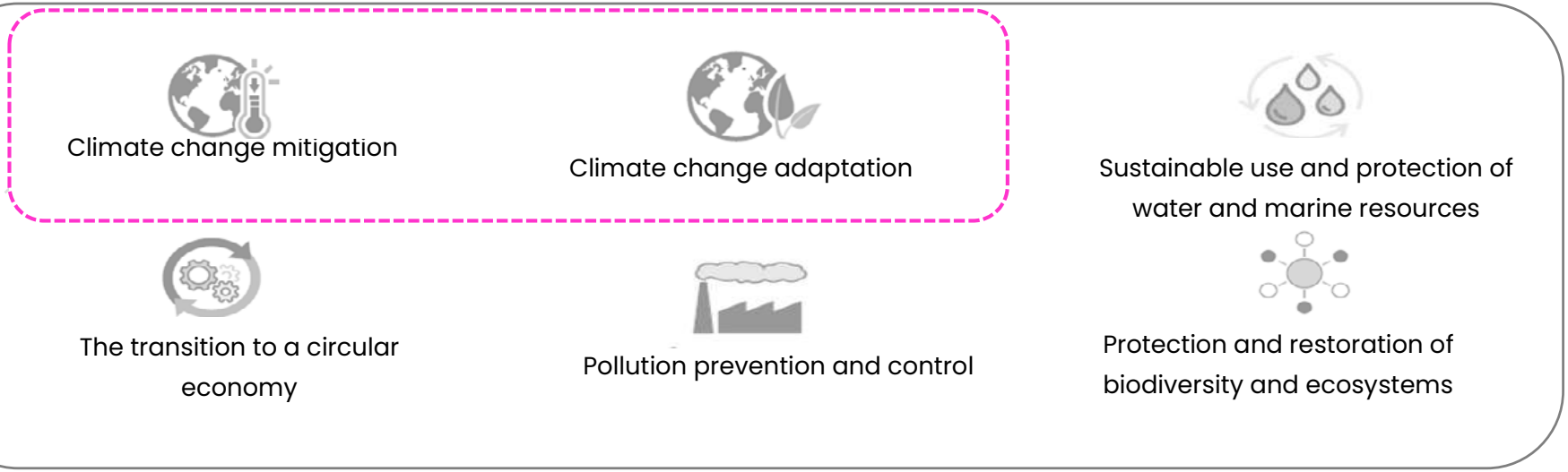
Put simply, the Taxonomy Regulation is a classification system that identifies to what degree economic activities can be considered environmentally sustainable. The goal is to prevent *"greenwashing"* and to help businesses to develop ESG roadmaps based on scientific objectives and

In order to determine the environmental sustainability of an economic activity, it must contribute to the achievement of certain environmental objectives. The Taxonomy Regulation establishes six environmental objectives. At the moment, the technical selection criteria have been developed only for two of the six objectives defined in the Taxonomy Regulation:

2. How Holaluz has implemented Taxonomy

This Regulation, which entered into force in 2021, establishes a series of economic activities (eligible activities) grouped according to 13 sectors. For an eligible activity to be considered as environmentally sustainable (aligned activity), it must contribute substantially to any one of the environmental objectives set out in the regulation (so far, climate change mitigation and climate change adaptation), must not cause significant damage to the remaining environmental objectives and must comply with a minimum of social safeguards.

To establish whether Holaluz's activities are aligned with environmental objectives of the EU taxonomy, the company has analysed its activities the according to its criteria to determine whether or not they are performed sustainably.



The process of determining the degree of alignment of the activities developed by Holaluz consisted, firstly, of identifying and classifying its activities and lines of business to ascertain whether they are eligible under the Taxonomy. The eligible activities are those described in Commission Delegated Regulation (EU) 2021/2139 (hereinafter, the Climate Delegated Act), either through a description of the activity or through a link with the CNAE codes.

As shown in the image above, the inclusion of an economic activity in the list of eligible activities does not imply that it is aligned - that is, that it is considered sustainable according to the Taxonomy - it could be if the following requirements are fulfilled:

i. The activity contributes substantially to the objective of mitigation or adaptation to climate change.

ii. The activity causes no significant harm (DNSH) to the other five environmental targets. These are different criteria that the activities must meet and that are established in the annexes for each of the objectives.



iii. Finally, Holaluz complies with the so-called minimum safeguards, that is, with the OECD guidelines for multinational companies, the UN Guiding Principles on Business and Human Rights and the International Bill of Human Rights[1].

Finally, for the different types of activities (i.e., ineligible, eligible-not aligned and eligible-aligned) Holaluz reports the indicators related to revenue, CapEx and OpEx, as established in the Delegated Act of Article 8 of the Taxonomy Regulation.

***Eligible activity*:** *an economic activity described and with the technical selection criteria established in the taxonomy.*
***Aligned activity:** refers to an eligible economic activity that is making a substantial contribution to at least one of the climate and environmental objectives, while not causing significant damage to the remaining objectives and meeting minimum social standards.*

**The absence of certain activities in the EU Taxonomy does not mean that they cannot become sustainable. The EU has defined an initial set of activities with major capacity or potential impact on climate and environment, which may be expanded in the future with additional activities.*

The information has been calculated in accordance with the provisions of Annex I of Delegated Regulation (EU) 2021/2178 (hereinafter, the Climate Delegated Act) Article 8 for each economic activity regarding its eligibility and alignment. The result is presented according to the templates in Annex II in the last section of this Annex.



[1] *The minimum safeguards are based on the recommendations of the Group of Technical Experts (GTE) contained in its report published in March 2020. They were included during the subsequent stages of the TEG recommendations following a request from the European Parliament to ensure that entities engaged in environmentally sustainable activities, labelled as Taxonomy-aligned meet certain minimum standards of governance, and do not violate social norms, including human and labour rights.*

3. Analysis of activities according to the EU Taxonomy

Based the analysis, the following results have been obtained regarding alignment with the Taxonomy for 2022:

Eligible and aligned activities		
Area of Activity	**Description of the Activity**	**Link to the Taxonomy**
Installation and management of photovoltaic installations	Installation, management and maintenance of installations by means of photovoltaic solar panels.	Activity 7.6. of the Climate Delegated Act: Installation, maintenance and repair of renewable energy technologies.
Non-eligible activities		
Area of Activity	**Description of the Activity**	**Link to the Taxonomy**
Natural gas commercialisation[2]	Gas sales to consumers, including actions such as purchasing gas for supply to households or businesses and coordinating with distributing companies for the correct supply of gas.	This activity is not considered in the Climate Delegated Act.
Representation and management of the sales of renewable electricity producers.	Representation in OMIE of energy generated by renewable energy producers.	This activity is not considered in the Climate Delegated Act.
Distributed generation and service provision within an "energy as a service" model.	Use of the surplus that can be generated by a domestic photovoltaic installation for sale to customers in the vicinity (those located within 2 km of the point of generation).	This activity is not considered in the Climate Delegated Act.

[2]Holaluz withdrew from this business in October 2022 to focus on renewable and solar electricity.

Other non-eligible activities		
Area of Activity	**Description of the Activity**	**Link to the Taxonomy**
Sales of electricity from 100% renewable sources.	Purchase of energy with Renewable Guarantee of Origin (GoO) certificates, to guarantee that the energy purchased comes from a renewable source, and subsequent marketing to customers.	This is currently considered ineligible as it is not included in the Climate Delegated Act.

Thus, the activity of installation and management of photovoltaic installations carried out by Holaluz as part of the Rooftop Revolution is among the activities eligible for the Taxonomy.

The three steps mentioned above were followed to analyse the alignment of this activity with the Taxonomy:

Alignment analysis of the activity 7.6. Installation, maintenance and repair of renewable energy technologies	
Climate change mitigation objective	
Criterion	**Results of the alignment analysis**
Substantial Contribution	Contribution to climate change mitigation since the activity consists of the installation, maintenance and repair of photovoltaic solar systems and auxiliary technical equipment.
Do No Significant Harm (DNSH)	Compliance with DNSH for the climate change mitigation objective, by analysis of climate risks to which the activity is exposed and deployment of adaptation measures.
Minimal safeguards	Overall compliance with minimum safeguards in human rights, anti-corruption, taxation and fair competition.
Climate change adaptation objective	
Criterion	**Results of the alignment analysis**
Substantial Contribution	Climate change adaptation solutions are included.

Do No Significant Harm (DNSH)	Compliance with the DNSH criteria for the adaptation objective, since photovoltaic installations are not located in buildings used to extract fossil fuels.
Minimal safeguards	Overall compliance with minimum safeguards in human rights, anti-corruption, taxation and fair competition.

Compliance with these criteria makes this line of business a key element in the fight against climate change, and a viable and effective alternative to clean energy, which will help to achieve the ambitious EU climate goals.

By December 2022, Holaluz had installed more than 7,000 photovoltaic installations in 50 of the 52 Spanish provinces. Thus, Holaluz not only leads the energy transition, but does so through an impact business model that allows it to respond to the global challenge of the energy transition and climate change, connecting people to the network through a distributed generation model based on green energy.

4. Goal 55 objective and green electricity commercialisation

Under the current wording of the Climate Delegated Act, neither the acquisition or sale of renewable energy can be considered eligible under the Taxonomy, as it does not fall within the wording of any of the definitions in the Delegated Climate Act and is therefore considered an activity that does not substantially contribute to climate change mitigation.

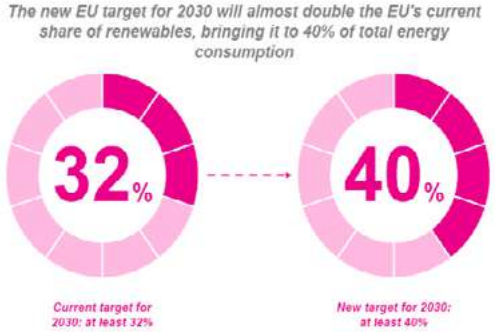
However, in time this may be revised in view of the "Goal 55" package of measures and the climate targets agreed by the Council and the European Parliament[3]. The "Goal 55" package consists of a set of proposals to review and update EU legislation and launch new initiatives to ensure that the European Union reduces its net greenhouse gas emissions – to ensure it reduces emissions by at least 55% by 2030 (compared to 1990 levels) to put the EU firmly on the path towards climate neutrality by 2050.



According to the European Union, the transition to cleaner forms of energy is an indispensable condition for achieving climate neutrality. Under the "Goal 55" package, the EU is obliged to ensure that 40% rather than 32% of its energy consumption comes from renewable energy sources by 2030. That is, by 2030, at least 40% of all energy consumed in the EU must come from renewable sources.

To achieve the emission reduction targets, the activity carried out by renewable electricity trading companies such as Holaluz will be essential and we believe that, in future revisions, energy commercialisation activity from renewable sources will be considered as an eligible activity under the Climate Delegated Act.

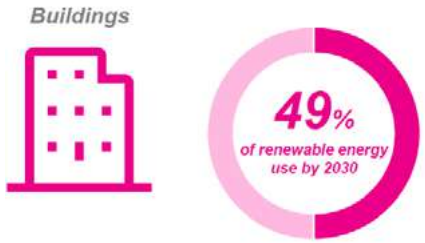
Likewise, in the sector in which the Holaluz Rooftop Revolution is developed, the new Directive on renewable



[3] *Commission Notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets. Note 13.*

energy sources on which the EU is working, will propose that 49% of the energy in buildings come from renewable sources by 2030.

By supplying 100% green electricity (i.e. Of guaranteed origin from renewable sources), Holaluz plays a catalytic role in the energy transition so vital to achieving the European Union's objectives.

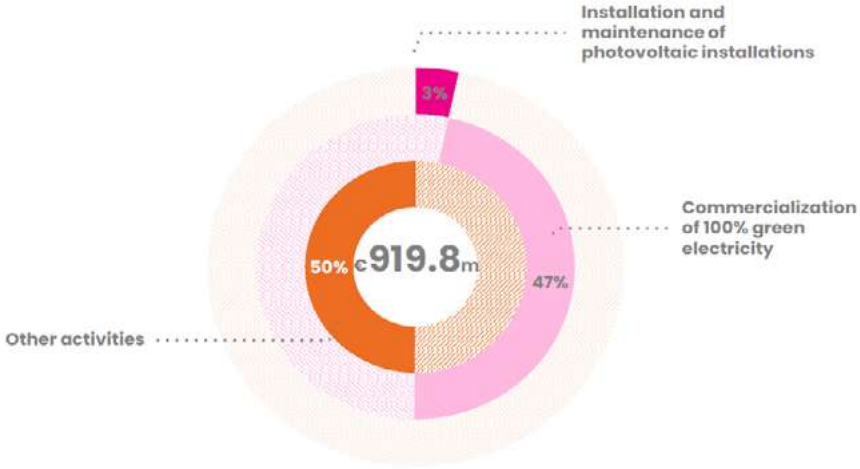


Because of this, the following section presents the results obtained, providing additional information considering sales of 100% green electricity.

5. The EU Taxonomy at a glance

In the first reporting period, the degree of alignment of the activities carried out by Holaluz with the EU Taxonomy, as a consequence of its contribution to the objective of climate change mitigation, without causing significant damage to the other five environmental objectives defined and respecting the minimum safeguard has been[4]:

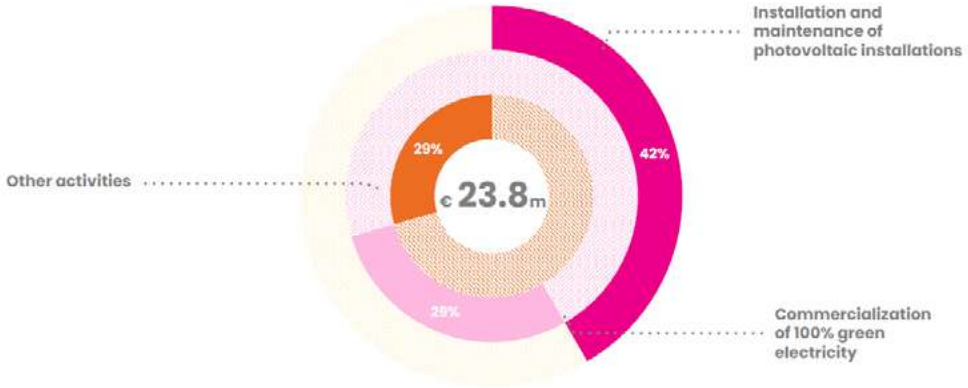
Revenue



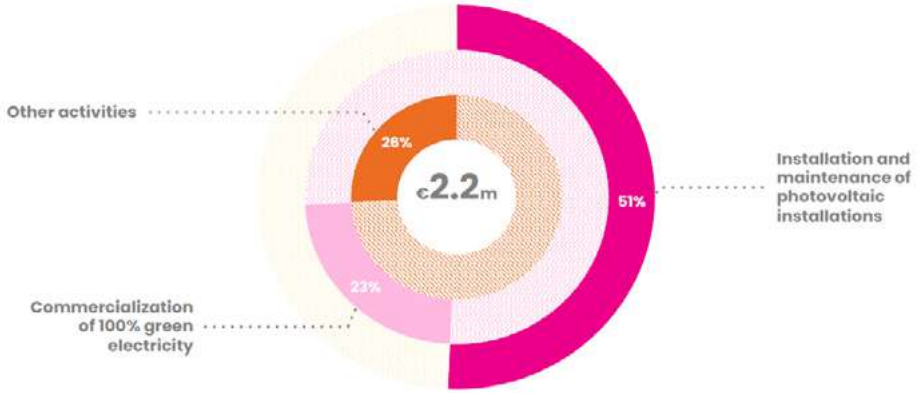
- A total of 3.3% of revenue was generated by eligible business activities aligned with the EU taxonomy. Including commercialisation of 100% green electricity, the proportion is 50.2% and including representation and management of the sales of renewable electricity producers the proportion is 95,9% of operating revenue.

[4] *As mentioned in paragraph 4, the KPIS relating to the marketing of 100% green electricity are provided as supplementary information, although this activity is not, at the date of publication of this report, an eligible activity according to the Climate Delegated Act.*

CapEx



OpEx



- A total of 41.7% of capital expense (CapEx) was generated by eligible business activities aligned with the EU taxonomy.
- Including commercialisation of 100% green electricity, the proportion is 70.6% of the CapEx.

- A total of 50.7% of operating expenses (OpEx) was generated by eligible business activities aligned with the EU taxonomy.
- Including commercialisation of 100% green electricity, the proportion is 75.1% of the OpEx.

When an economic activity contributes to several environmental objectives, companies must disclose the proportion of revenue, CapEx and OpEx of that activity that contributes to each environmental objective. This is the case of the activity "7.6. Installation, maintenance and repair of renewable energy technologies", present in both Annex I (mitigation) and Annex II

(adaptation) of the Climate Delegated Act and, in the case of Holaluz, aligned with both objectives.

However, in the case of Holaluz only the alignment of revenue, CapEx and OpEx with the climate change mitigation objective is shown in accordance with the indications in Annex I of the Delegated Act of Article 8. Nevertheless, as indicated above in paragraph "3. Analysis of activities according to the EU Taxonomy" of this Annex, activity "7.6. Installation, maintenance and repair of renewable energy technologies" carried out by Holaluz is aligned with both the mitigation and adaptation objectives.

6. Scope of the Annex

All the companies that make up the consolidation perimeter of Holaluz have been considered in the analysis carried out to establish the eligible activities under the criteria of the European Commission for Taxonomy. Holaluz has established the necessary control measures to ensure the correct application of the accounting principles of consolidation and avoid double accounting for all financial indicators.

On the other hand, according to the Delegated Act of Article 8, non-financial companies, such as Holaluz, must explain the figures for each key performance indicator and the reasons for any changes in those figures in the reporting period. However, since this is the first year of application of the EU Taxonomy Regulation for Holaluz, no comparable information is available. In this regard, the available data refer exclusively to 2022.

7. Economic KPIs

Below is the result of the three KPIs required by Article 8 of the Taxonomy Regulation by Economic Activity in terms of their eligibility and alignment with the Taxonomy.

Revenue (expressed in millions of Euros)

				Substantial Contribution Criteria						Criteria of absence of significant damage									
Economic activities (1)	Code (2)	Absolute revenue (3)	Share of revenue (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11) (No number)	Climate change adaptation (12) (No number)	Water and marine resources (13) (No number)	Circular economy (14) (No number)	Pollution (15) (No number)	Biodiversity and ecosystems (16) (No number)	Minimum guarantees (17)	Proportion of revenue conforming to Taxonomy 2022, Year N (18)	Proportion of revenue according to Taxonomy year N-1 (19)	Facilitating activity (F)/ Transitional activity (T) (20)
A. ELIGIBLE ACTIVITIES BASED ON TAXONOMY																			
A1. Environmentally sustainable activities (which conform to the Taxonomy).																			
Installation, maintenance and repair of renewable energy technologies	7.6	30.7	3.3%	100%	0%	N/A	N/A	N/A	N/A		S	S	S	S	S	S	3.3%	N/A	
Volume of environmentally sustainable activities (which conform to the Taxonomy) (A.1)		30.7	3.3%	100%	0%	N/A	N/A	N/A	N/A								3.3%	N/A	
A2. Eligible activities according to taxonomy but not environmentally sustainable (not in accordance with Taxonomy).																			
Revenue of taxonomy-eligible but not environmentally sustainable activities (activities not conforming to taxonomy) (A.2)		0	0%																
Total (A.1 + A.2)		30.7	3.3%														3.3%	N/A	
B. ACTIVITIES NOT ELIGIBLE ACCORDING TO TAXONOMY																			
Revenue of activities not eligible according to taxonomy (B)		889.1	96.7%																
TOTAL (A+B)		919.8	100.0%																

CapEx (expressed in millions of Euros)

				Substantial Contribution Criteria						Criteria of absence of significant damage								
Economic activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11) (No number)	Climate change adaptation (12) (No number)	Water and marine resources (13) (No number)	Circular economy (14) (No number)	Pollution (15) (No number)	Biodiversity and ecosystems (16) (No number)	Minimum guarantees (17)	Proportion of CapEx conforming to Taxonomy 2022, Year N (18)	Proportion of CapEx conforming to Taxonomy year N-1 (19)	Facilitating activity (F)/ Transitional activity (T) (20)
A. ELIGIBLE ACTIVITIES BASED ON TAXONOMY																			
A1. Environmentally sustainable activities (which conform to the Taxonomy).																			
Installation, maintenance and repair of renewable energy technologies	7.6	9.9	41.7%	100%	0%	N/A	N/A	N/A	N/A		S	S	S	S	S	S	41.7%	N/A	
Volume of environmentally sustainable activities (which conform to the Taxonomy) (A.1)		9.9	41.7%	100%	0%	N/A	N/A	N/A	N/A								41.7%	N/A	
A2. Eligible activities according to taxonomy but not environmentally sustainable (not in accordance with Taxonomy).																			
CapEx of eligible but not environmentally sustainable activities (activities not conforming to taxonomy) (A.2)		0	0%																
Total (A.1 + A.2)		9.9	41.7%														41.7%	N/A	
B. ACTIVITIES NOT ELIGIBLE ACCORDING TO TAXONOMY																			
CapEx of activities not eligible according to taxonomy (B)		13.9	58.3%																
TOTAL (A+B)		23.8	100.0%																

OpEx (expressed in millions of Euros)

				Substantial Contribution Criteria						Criteria of absence of significant damage								
Economic activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11) (No number)	Climate change adaptation (12) (No number)	Water and marine resources (13) (No number)	Circular economy (14) (No number)	Pollution (15) (No number)	Biodiversity and ecosystems (16) (No number)	Minimum guarantees (17)	Proportion of OpEx conforming to Taxonomy 2022, Year N (18)	Proportion of OpEx conforming to Taxonomy N-1 (19)	Facilitating activity (F)/ Transitional activity (T) (20)
A. ELIGIBLE ACTIVITIES BASED ON TAXONOMY																			
A1. Environmentally sustainable activities (which conform to the Taxonomy).																			
Installation, maintenance and repair of renewable energy technologies	7.6	1.1	50.7%	100%	0%	N/A	N/A	N/A	N/A		S	S	S	S	S	S	50.7%	N/A	
Volume of environmentally sustainable activities (which conform to the Taxonomy) (A.1)		1.1	50.7%	100%	0%	N/A*	N/A*	N/A*	N/A*								50.7%	N/A	
A2. Eligible activities according to taxonomy but not environmentally sustainable (not in accordance with Taxonomy).																			
OpEx of activities eligible but not environmentally sustainable (activities not conforming to taxonomy) (A.2)		0	0%																
Total (A.1 + A.2)		1.1	50.7%														50.7%	N/A	
B. ACTIVITIES NOT ELIGIBLE ACCORDING TO TAXONOMY																			
OpEx of activities not eligible according to taxonomy (B)		1.1	49.3%																
TOTAL (A+B)		2.2	100.0%																

i. GRI

GRI Standard	Number		Page
GRI 2	2-1	Details of the organisation	4
GRI 2	2-2	Entities included in the organisation's sustainability reporting	4, 47
GRI 2	2-3	Reporting period, frequency and contact point	4
GRI 2	2-4	Restatements of information	-
GRI 2	2-5	External assurance	Annex IV
GRI 2	2-6	Activities, value chain and other business relationships	6-21
GRI 2	2-7	Employees	69-79
GRI 2	2-9	Governance structure and composition	46
GRI 2	2-15	Conflicts of interest	49-51
GRI 2	2-22	Statement on sustainable development strategy	23-25
GRI 2	2-23	Values, principles, norms, and code of conduct	11, 49-52
GRI 2	2-26	Mechanisms for seeking advice and raising concerns	48
GRI 2	2-28	Membership associations	81-83
GRI 2	2-29	Approach to stakeholder engagement	24-25
GRI 2	2-30	Collective bargaining agreements	121
GRI 3	3-1	Process to determine material topics	25
GRI 3	3-2	List of material topics	25

GRI Standard	Number	Contents	Page
Material aspect: Economic performance			
GRI 3	3-3	Management of material topics	29
GRI 201	201-1	Direct economic value generated and distributed	29-38
GRI 201	201-2	Financial implications and other risks and opportunities related to climate change	39
GRI 201	201-4	Financial assistance received from the government	97
Material aspect: Economic performance			
GRI 3	3-3	Management of material topics	46-78
GRI 202	202-2	Market presence	29-37
Material aspect: Indirect Economic Impact			
GRI 3	3-3	Management of material topics	23
GRI 203	203-2	Significant indirect Economic Impacts	23-27
Material aspect: Procurement practices			
GRI 3	3-3	Management of material topics	86
GRI 203	204-1	Proportion of spending on local suppliers	86-87
Material aspect: Anti-corruption			
GRI 3	3-3	Management of material topics	49-50
GRI 205	205-2	Communication and training on anti-corruption policies and procedures	At year end, 30.49% of the staff had completed training in the Code of Ethics and anticorruption

GRI Standard	Number	Contents	Page
Material aspect: Tax			
GRI 3	3-3	Management of material topics	29
GRI 207	207-4	Country-by-country reporting	37
Material aspect: Materials			
GRI 3	3-3	Management of material topics	58-59, 62
GRI 301	301-2	Recycled input materials used	62
GRI 301	301-3	Reclaimed products and their packaging materials	62
Material aspect: Energy			
GRI 3	3-3	Management of material topics	58-59, 63
GRI 302	302-1	Energy consumption within the organisation	63
Material aspect: Water and effluents			
GRI 3	3-3	Management of material topics	58-59, 64
GRI 304	303-5	Water consumption	64
Material aspect: Emissions			
GRI 3	3-3	Management of material topics	65-67
GRI 305	305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	66
GRI 305	305-2	Indirect greenhouse gas (GHG) emissions (Scope 2)	66
GRI 305	305-3	Other indirect greenhouse gas (GHG) emissions (Scope 3)	66
GRI 305	305-5	Reduction of GHG emissions	67

GRI Standard	Number	Contents	Page
Material aspect: Waste			
GRI 3	3-3	Management of material topics	58-59, 60
GRI 306	306-2	Management of significant waste-related impacts	60
GRI 306	306-3	Waste generated	60
Material aspect: Supplier Environmental Assessment			
GRI 3	3-3	Management of material topics	86-87
GRI 308	308-1	New suppliers that were screened and selected using environmental criteria	86-87
Material aspect: Employment			
GRI 3	3-3	Management of material topics	69-72
GRI 401	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	71-72
GRI 401	401-3	Parental leave	72
Material aspect: Labour/management relations			
GRI 3	3-3	Management of material topics	72
GRI 3	402-1	Minimum notice periods regarding operational changes	There is no defined period
Tema material: Occupational health and safety			
GRI 3	3-3	Management of material topics	72-74
GRI 403	403-2	Hazard identification, risk assessment, and incident investigation	72-74
GRI 403	403-7	Prevention and mitigation of occupational health and safety impacts linked by business relationships	74
GRI 403	403-9	Work-related injuries	74
GRI 403	403-10	Work-related ill health	74

GRI Standard	Number	Contents	Page
Material aspect: Training and development*			
GRI 3	3-3	Management of material topics	76-77
GRI 404	404-1	Average hours of training per year per employee	96
GRI 404	404-2	Programmes for upgrading employee skills and transition	76-77
Material aspect: Diversity and equal opportunities			
GRI 3	3-3	Management of material topics	78-79
GRI 405	405-1	Diversity of governance bodies and employees	46, 70
GRI 405	405-2	Ratio of basic salary and remuneration of women to men	95
Material aspect: Non-discrimination			
GRI 3	3-3	Management of material topics	78-79
GRI 406	406-1	Incidents of discrimination and corrective actions taken	No cases of discrimination were detected during the period subject to the report
Material aspect: Freedom of association and collective bargaining			
GRI 3	3-3	Management of material topics	75
Material aspect: Child labour			
GRI 3	3-3	Management of material topics	52
Material aspect: Forced or compulsory labour			
GRI 3	3-3	Management of material topics	52
Material aspect: Evaluation of human rights			
GRI 3	3-3	Management of material topics	52
GRI 412	412-1	Operations that have been subject to human rights reviews or impact assessments	52

GRI Standard	Number	Contents	Page
Material aspect: Local communities			
GRI 3	3-3	Management of material topics	81
GRI 413	413-1	Operations with local community engagement, impact assessments, and development programmes	81-83
Material aspect: Supplier social assessment			
GRI 3	3-3	Management of material topics	86-87
GRI 414	414-1	New suppliers that were screened using social criteria	86-87
Material aspect: Customer health and safety			
GRI 3	3-3	Management of material topics	84-85
Material aspect: Customer privacy			
GRI 3	3-3	Management of material topics	85
GRI 418	418	Substantiated complaints concerning breaches of customer privacy and losses of customer data	85

ii. Integrated Report

	Contents	Aspects	Page
Organisational overview and external environment	What does the organisation do and what are the circumstances under which it operates?	**Culture, ethics, and values**	**11-12**
		Ownership and operating structure	**4, 6, 47**
		Principal activities and markets	**6-7**
		Competitive landscape and market positioning	**6-7**
		Position within the value chain	**6-7**
		Key quantitative information	**8-10**
		Significant factors affecting the external environment.	**7**
Governance	How does the organisation's government structure support its ability to create value in the short, medium, and long term?	**Leadership structure, including the skills and diversity.**	**46-47**
		Specific processes used to make strategic decisions.	**46**
		How the organisation's culture, ethics and values are reflected in its use of the effects on the capitals	**7**
		The responsibility those charged with governance take for promoting and enabling innovation	**46**
Business model	What is the organisation's business model?	**Inputs**	**7**
		Business activities	**6**
		Outputs	**7**
		Results	**7**
Risks and opportunities	What are the specific risks and opportunities that affect the organisation's ability to create value over the short, medium, and long term, and how is the organisation dealing with them?	**Key risks and opportunities that are specific to the organisation**	**48**

	Contents	Aspects	Page
Strategy and resource allocation	Where does the organisation want to go and how does it intend to get there?	**The organisation's approach to any real risks (whether they be in the short, medium, or long term) that are fundamental to the ongoing ability of the organisation to create value.**	**23**
		Strategic plans and objectives	**11-14**
Performance	To what extent has the organisation achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?	Quantitative information	**8-10**
		Effects on capitals	**8-10**
		Stakeholder engagement	**24**
Outlook	What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?	**The organisation's expectations about the external environment.**	**23-25**
Basis of preparation and presentation	How does the organisation determine what matters to include in the integrated report and how are such matters quantified or evaluated?	**Mechanisms for addressing challenges and opportunities**	**23**
		Materiality	**25**
		Limits	**26-27**
		Frameworks	**7, 26**

iii. Law 11/2018

General areas		Reporting framework	Page / Reference
Business model, Policies and Risks	**Business environment**	No GRI, operational context (economic and sectoral)	**6, 10**
	Markets in which it operates		**6**
	Main factors and trends that may affect its future development		**6, 7**
	Organisation and structure	2-1 Details of the organisation	**4**
	Objectives and strategies	No GRI, objectives and strategies	**7, 15-16**
	Description of the policies applied by the company	2-23 Values, principles, norms, and code of conduct	**49-50**
	Results of the policies applied by the company	2-24 Incorporation of political commitments	**8,9**
	Main risks related to questions linked the company's activities	-	**48**
	Reporting framework used	GRI	**4**
	Materiality analysis	3-3 Management of material topics	**25**

Environmental questions		Reporting framework	Page / Reference
Environmental management	**Real and foreseeable effects of the company's operations**	307-1 Non-compliance with environmental laws and regulations	**58**
	Environmental evaluation or certification procedures	-	**58**
	Resources allocated to environmental risk prevention	-	58
	Application of the principle of precaution	3-3 Management of material topics	58
	Quantity of provisions and guarantees for environmental risks		Eventhough, due to the type of activity of Holaluz, the company is exempt from the application of Law 26/2007 on Environmental Liability; Holaluz Clidom, S.L., as the parent company of the Holaluz Group, has civil liability coverage guarantees for sudden and accidental pollution of land, air, and water, amounting to 5 million euros, which are applicable to our entire business. On the other hand, Katae Energía, S.L. whose activity is the logistical storage and installation of solar panels is also covered for public liability for accidental pollution to 1.2 million euros.

Environmental matters		Reporting framework	Page / Reference
Pollution	**Measures for preventing, reducing, and repairing carbon emissions (including noise and light pollution)**	-	Holaluz conducts its activities in urban and industrial areas, where the activities do not breach the sound levels permitted in all areas where its facilities are located. None of the activities conducted by Holaluz create light pollution since its work takes place in all establishments during daylight hours, which does not cause a nuisance to the surroundings. As regards atmospheric pollution, Holaluz has no emission sources or production processes that generate direct emissions into the atmosphere.
Circular economy and waste prevention and management	**Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste**	301-2 Recycled input materials used	**59-61, 89**
Circular economy and waste prevention and management	**Actions to address food waste**	306-2 Management of significant waste-related impacts	Due to the company's activity, food waste is not significant and, therefore, food waste prevention is not considered a material aspect.
Sustainable Use of Resources	**Water consumption and water supplies according to local limitations**	303-1 Interactions with water as a shared resource	**64, 90**
Sustainable Use of Resources	**Consumption of raw materials**	301-1 Materials used by weight or volume	**62, 90**
	Measures adopted to improve their use	-	**62**
Sustainable Use of Resources	**Direct and indirect energy consumption**	302-1 Energy consumption within the organisation (MWh)	**63, 90**
	Measures taken to improve energy efficiency	302-4 Reduction of energy consumption	**63**
	Use of renewable energies	302-1 Energy consumption within the organisation (MWh)	**63**
Climate change	**Important elements of generated greenhouse gas emissions**	201-2 Financial implications and other risks and opportunities due to climate change	**66**
		305-1 Direct (Scope 1) GHG emissions	**66**
		305-2 Energy indirect (Scope 2) GHG emissions	**66**
		305-3 305-3 Other indirect (Scope 3) GHG emissions	**66**
		305-4 305-4 GHG Emissions Intensity	**66**

Environmental matters		Reporting framework	Page / Reference
Climate change	**Measures adopted to adapt to the consequences of climate change**	201-2 Financial implications and other risks and opportunities for the Organization's activities due to climate change	**67**
	Voluntary reduction goals	305-5 Reduction of GHG emissions	**67**
Protection of biodiversity	**Measures taken to conserve or restore biodiversity**	-	Holaluz's operations do not take place in areas close to protected areas of adjacent to areas with high biodiversity or with the existence of protected species. This means that the need to preserve or restore these habitats is not significant to the organisation's operations.
	Impacts caused by the activities or operations in protected areas	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	

Social and personnel matters		Reporting framework	
Employees	**Total number and breakdown of employees by sex, age, country, and professional category**	2-7 Employees	**70, 91**
		405-1 Diversity of governance bodies and employees	**46, 70**
	Total number and breakdown of types of work contract	2-7 Employees	**71, 92**
	Annual average of permanent, temporary, and part-time contracts by sex, age, and professional category	2-7 Employees	**93**
	Number of dismissals by sex, age, and professional category	-	**94**
	Salary gap	405-2 Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation	**95**
	Average remuneration by sex, age, and professional category	2-19 Remuneration policies	**71, 95**
	Average remuneration of the directors by sex	-	**95**
	Average remuneration of the managers by sex	-	**95**
	Implementation of 'right to disconnect' policies	-	Holaluz has a Right to Disconnect policy which contains a set of guidelines and recommendations to ensure that outside working hours and when absent from work for any reason, on days off and/ or holidays, employees are able to rest, and their personal and family privacy is respected.
	Differently abled employees	405-1 Diversity of governance bodies and employees	**78-79, 94**

Social and personnel matters		Reporting framework	Page / Reference
Work organisation	**Work time organisation**	-	**72-73**
	Number of absent hours	403-9 Work-related injuries	**73**
	Measures allocated to facilitate work-life balance and promote coparenting	-	**73**
Health and Safety	**Occupational health and safety conditions**	403-1 Occupational health and safety	Holaluz does not have an occupational health and safety committee and during the period covered by the report no risks have arisen that have caused or contributed to professional illnesses. The entire team, except for members of the board, are covered by the health system, representing 99% of the staff at year end.
		403-2 Hazard identification, risk assessment, and incident investigation	**74**
		403-3 Occupational health services	**74**
		403-5 Worker training on occupational health and safety	**74**
		403-6 Promotion of Worker Health	**74**
		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	**74**
Health and Safety	**Number of work accidents and occupational illnesses by sex, rate of frequency and seriousness by sex**	403-9 Work-related injuries	During the reporting period, there were no risks that caused or contributed to cause occupational diseases, as in the previous year.
Social relationships	**Organisation of the social dialogue**	403-10 Occupational diseases and illnesses	**75**
	Percentage of employees covered by collective bargaining agreements by country	402-1 Minimum notice periods regarding operational changes	The entire team, except for the persons in the position of director, is covered by the collective bargaining agreement, which represents 99% of the workforce at the end of the year. The entire workforce is located in Spain.
	Balance of the collective bargaining agreements, particularly in the area of occupational health and safety	403-1 Workers representation in formal joint management–worker health and safety committees	Holaluz has the following mechanisms and procedures to promote worker involvement in the company management: There is a weekly meeting to which the entire team is invited to inform them of the company's progress, the status of active projects and all relevant information. In the framework of this meeting, we have established a forum that allows the team to pose questions and express their opinions both in situ and online. These matters are dealt with immediately or, if not possible, within the same week.
	The company's mechanisms and procedures to encourage the involvement of workers in the management of the company in terms of information, consultation, and participation.		

Social and personnel matters		Reporting framework	Page / Reference
Training	**Training policies implemented**	404-2 Programs for upgrading employee skills and transition assistance programs	**76-77**
	Total number of hours of training by professional category.	404-1 - Average hours of training per year per employee	**96**
Diversity	**Universal accessibility for differently abled people**	405-1 Diversity of governance bodies and employees	**78**
Equity	**Measures adopted to promote equal treatment and opportunities for women and men**	-	**78**
	Equity plans adapted to promote employment, protocols against sexual and gender-based harassment	405-1 Diversity of governance bodies and employees	**78**
	Policy against all types of discrimination and, in the event, diversity management	406-1 Incidents of discrimination and corrective actions taken	**78**
Respect for human rights		**Reporting framework**	**Page /Reference**
Human rights	**Prevention of the risks of violating human rights and, if any, measures to mitigate, manage and repair possible abuses**	3-3 Management of material issues	**52**
	Application of due diligence procedures in matters of human rights	2-23 Political commitments	**52**
	Complaints in cases of violations of human rights	406-1 Cases of discrimination and corrective actions taken	**52**
	Promotion and enforcement of the provisions of the ILO core conventions relating to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour.	3-3 Management of material issues	**52**
Fight against corruption and fraud.		**Reporting framework**	**Page /Reference**
Bribery and corruption	**Measures adopted to prevent bribery and corruption**	2-23 Political commitments	**50-51**
		2-26 Mechanisms for seeking advice and raising concerns	**50-51**
		205-1 Operations assessed for risks related to corruption	**50-51**
	Measures to fight against money laundering	205-2 Communication and training on anti-corruption policies and procedures	**98**
	Contributions to foundations and non-profit organisations	201-1 Direct economic value generated and distributed	**9**

Information about the company		Reporting framework	Page /Reference
The company's commitment to sustainable development	The company's activity's impact on employment and local development	413-1 Operations with local community engagement, impact assessments, and development programs	81-83
		201-1 Direct economic value generated and distributed	81
	The company's activity's impact on local populations and in the territory	413-2 Significant operations with significant negative impacts - real and potential - in local communities	81-83
	Relations maintained with stakeholders in local communities and ways of dialoguing with them	2-29 Approach to stakeholder engagement	81-83
	Partnership or sponsorship actions	413-1 Operations with local community engagement, impact assessments, and development programs	81-83
Subcontracting and suppliers	Inclusion of social questions in the procurement, gender equity and environmental policy	308-1 New suppliers that were screened using environmental criteria	86-87
	Consideration of social and environmental responsibility in relationships with suppliers and subcontractors	414-1 New suppliers that were screened using social criteria	86-87
	Oversight systems, audits, and their results	308-2 Negative environmental impacts in the supply chain and actions taken	86-87
		414-2 Negative social impacts in the supply chain and actions taken	86-87
Consumers	Consumer health and safety measures	416-1 Assessment of the health and safety impacts of product and service categories	84-85
	Complaints system		96
	Complaints received and resolved	416-2 - Incidents of noncompliance concerning the health and safety impacts of products and services	96
Tax information	Profits earned country by country	201-1 Direct economic value generated and distributed	37
	Taxes on profits paid	207-1 Approach to tax	37
	Government subsidies received	201-4 Financial assistance received from government	97

EU Taxonomy	Reporting framework	Page / Reference
EU Taxonomy	-	99-12
Revenues, Opex and Capex linked to eligible products	-	108

Independent Verification Report of the Consolidated Non-Financial Information Statement for the year ended December 31, 2022

HOLALUZ-CLIDOM, S.A. AND DEPENDENT COMPANIES

Building a better working world

Ernst & Young, S.L.
Sarrià Forum Building
Avda. Sarrià, 102–106
08017 Barcelona (Spain)

Tel: 933 663 700
Fax: 934 053 784
ey.com

Building a better working world

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

INDEPENDENT VERIFICATION REPORT OF THE CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION

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

In accordance with article 49 of the Commercial Code, we have carried out the verification, with the scope of limited security, of the attached Consolidated Non-Financial Information Statement (hereinafter EINF) corresponding to the annual year ended December 31, 2022, of Holaluz-Clidom, S.A. and subsidiaries (hereinafter, the Group) that is part of the Group's Consolidated Management Report.

The content of the EINF includes additional information to that required by current commercial regulations on non-financial information that has not been the subject of our verification work. In this sense, our work has been limited exclusively to the verification of the information identified in the annex "Table of contents - Law 11/2018" included in the attached EINF.

Responsibility of Directors

The formulation of the EINF included in the Group's Consolidated Management Report, as well as its content, is the responsibility of the Directors of Holaluz-Clidom, S.A. The EINF has been prepared in accordance with the contents included in the current commercial regulations and following the criteria of the *Sustainability Reporting Standards* of *the Global Reporting Initiative* (GRI standards) selected, as well as those other criteria described according to what is mentioned for each subject in the annex "Table of contents - Law 11/2018" of the aforementioned State.

This responsibility also includes the design, implementation and maintenance of such internal control as is deemed necessary to enable the EINF to be free from material misstatement due to fraud or error.

The administrators of Holaluz-Clidom, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the necessary information is obtained for the preparation of the EINF.

Our independence and quality control

We have complied with the independence and other ethics requirements of the International Code of Ethics for Professional Accountants (including the International Standards on Independence) issued by the International Ethics Standards Board for Professional Accountants (IESBA) which is based on the fundamental principles of integrity, professional objectivity, competence and diligence, confidentiality and professional behaviour.

Our firm applies the international quality standards in force and maintains, consequently, a quality system that includes policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The work team has been formed by expert professionals in reviews of Non-Financial Information and, specifically, in economic, social and environmental performance information.

Registered Office: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Registered in the Mercantile Registry of Madrid, volume 9.364 general, 8.130 of section 3 of the Book of Companies, folio 68, sheet nº 87.690-1, 1st inscription. Madrid, March 9, 1.989. A member firm of Ernst & Young Global Limited.

Building a better working world

Our responsibility

It is our responsibility to express our findings in an independent verification report of limited safety based on the work done. We have carried out our work in accordance with the requirements set out in the current Revised International Standard for Assurance Engagements 3000, "Assurance Engagements Other Than Auditing or Historical Financial Information Review" (NIEA 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Action Guidance on State Assurance Assignments Non-Financial Information issued by the Institute of Chartered Accountants of Spain.

In limited safety work the procedures carried out vary in their nature and time of performance, and are of a lesser extent, than those carried out in reasonable safety work and, therefore, the safety obtained is substantially lower.

Our work has consisted of the formulation of questions to the Management, as well as to the various units of the Group that have participated in the elaboration of the EINF, in the review of the processes to collect and validate the information presented in the EINF and in the application of certain analytical procedures and sample review tests described below:

- Meetings with Group staff to learn about the business model, policies and management approaches applied, the main risks related to these issues and obtain the necessary information for the external review.
- Analysis of the scope, relevance and integrity of the contents included in the EINF for the year 2022 based on the materiality analysis carried out by the Group and described in section 2.2 "Materiality analysis", considering contents required in the commercial regulations in force.
- Analysis of the processes to collect and validate the data presented in the EINF of the financial year 2022.
- Review of the information related to the risks, policies and management approaches applied in relation to the material aspects presented in the EINF of the financial year 2022.
- Verification, through tests, based on the selection of a sample, of the information related to the contents included in the EINF of the financial year 2022 and its adequate compilation from the data provided by the sources of information.
- Obtaining a letter of representations from the Administrators and the Management.

Paragraph of emphasis

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment lays down an obligation to disclose information on how and to what extent the undertaking's activities are associated with economic activities aligned in relation to climate change mitigation and adaptation objectives for the first time for the financial year 2022, in addition to information regarding eligible activities. Regarding this last information on eligibility, the Company also reports it for the first time for the year 2022. Consequently, no comparative information on eligibility or alignment has been included in the attached EINF. Additionally, it should be noted that the administrators of Holaluz-Clidom, S.A. have incorporated information on the criteria that, in their opinion, best allow compliance with the aforementioned obligations and that are defined in Annex II "Taxonomy and climatic risks" of the attached EINF. Our conclusion has not changed on this issue.

A member firm of Ernst & Young Global Limited

Building a better working world

Conclusion

Based on the procedures carried out in our verification and the evidence we have obtained, no aspect has been revealed that would lead us to believe that the Group's EINF for the year ended December 31, 2022 has not been prepared, in all its material aspects, in accordance with the contents set out in current commercial regulations and following the criteria of the selected GRI standards, as well as those other criteria described according to what is mentioned for each subject in the annex "Table of contents - Law 11/2018" of the aforementioned State.

Use and distribution

This report has been prepared in response to the requirement established in the commercial regulations in force in Spain, so it may not be suitable for other purposes and jurisdictions.

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

_____
Antonio Capella Elizalde

April 25, 2023

A member firm of Ernst & Young Global Limited



holaluz

Contact | investors@holaluz.com

Passeig de Joan de Borbó, 99-101, 7th Floor, 08039 Barcelona, Spain

Certified B Corporation

SUSTAINALYTICS 2023 ESG INDUSTRY TOP RATED