TO BME GROWTH

Barcelona, 20 October 2022

In accordance with the provisions of article 17 of Regulation (EU) no. 596/2014 on market abuse and article 228 of the consolidated text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23 October, and related provisions, Holaluz-Clidom, S.A. (the "Society") hereby informs you of the following information:

OTHER RELEVANT INFORMATION

We are publishing today our semi-annual consolidated accounts for the half-year to June 2022.

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.

Philippe Protto
Chief Financial Officer
HOLALUZ-CLIDOM, S.A

Consolidated interim results report as of 30 June 2022

- Holaluz closed the first half of 2022 with consolidated turnover of €562.6 million, multiplying by three the turnover for the same period of the previous year (H1 2021: €186.8 million). Revenue growth was very strong in all areas.

- The gross margin for the first half of 2022 amounted to €50.7 million (€18.1 million in the first half of 2021), reaching 9% of turnover. This growth carried through to normalized EBITDA, which reached €19.1 million in the first half of 2022, compared to a small negative figure for the corresponding period last year (H1 2021: €-0.7 million).

- Energy Management [1] revenues increased to €552.5 million in the first half of 2022, up 200% from €184.4 million in the same period of 2021. Revenue growth was driven by both increased volumes of energy sold and higher energy prices. Energy Management was the driver for the increase in overall profitability. As of 30 June 2022, Holaluz had a total of 375,040 contracts, compared to 386,500 at year-end 2021. This year we have not invested in the supply portfolio due to market conditions. Of these contracts, 7,737 were for solar management (prosumers), an increase of 21% in the six-months period (YE21: 6,410). As at 30 September, the number of prosumers had increased to 9,176 contracts, bringing the increase to 43% in the nine-month period. The total number of contracts stood at 370,325.

- Solar installation revenues were multiplied by four to reach €10.1 million (H1 2021: €2.4 million) in the first six months of 2022, rising to €7.5 million for Q3 2022 alone. In the first half of this year, we sold 1,264 solar installations and installed 1,376 as we were still working through the backlog of sales from 2021. In the third quarter, the number of solar installations sold increased to 1,187, while we installed 839. Our installation time remains industry leading at 45 days. At the same time, we continued our increased investment in facilities, technology and personnel. The number of employees in Solar increased to 287 as of 30 June 2022 and to 336 as of 30 September, compared to 72 employees as of 31 December 2021.

[1] Energy management includes the marketing of electricity and gas, as well as solar management / distributed generation and energy representation. Energy representation revenues grew from €71.2 million in the first six months of 2021 to €268.2 million in the first half of this year driven both by an increase in prices as well as by an increase in the representation portfolio.

Key figures of H1 2022 income statement

M'€	H1 2022	H1 2021	% change
Net sales	**562.6**	**186.8**	**+201%**
o/w energy management[2]	552.5	184.4	+200%
o/w solar	10.1	2.4	+320%
Gross margin	**50.7**	**18.2**	**+179%**
Normalized operating costs[3]	**-31.6**	**-18.9**	**+74%**
Normalized EBITDA[4]	**19.1**	**-0.7**	**+€19.8m**

[2] Energy Management revenues include representation revenues of €268.2 million in H1 2022 and 71.2 million in H1 2021 (+277% year on year growth).

[3] Similar to EBITDA, operating costs have been normalized to exclude the depreciation of customer acquisition costs. Note that these do not include other income.

[4] EBITDA and operating costs have been normalized to treat customer acquisition costs as capex / depreciation in line with Management's view of these expenses (in February 10, 2021 a resolution of the Institute of Accounting and Account Auditing (ICAC), which dictates rules for recording, assessing and preparing annual accounts for the recognition of income from the delivery of goods and the provision of services introduced the requirement for the costs of acquiring a contract to be accounted for as short/long-term deferred expense of the consolidated balance sheet asset and the depreciation of these items to be recognised the consolidated income statement in other operating expenses).

Analysis of variations of the main items of the income statement and the balance sheet: For comparison purposes, the consolidated report dated 30 June 2022 includes the balance sheet at 31 December 2021 and the income statement of 30 June 2021, so that it can compare the evolution of the company's business in the same period of the previous fiscal year.

Income Statement

M'€	30.06.22	30.06.21
Sales	**562.60**	**186.76**
Works undertaken by another companies	3.10	2.04
COGS	-514.75	-168.61
Other Income	4.15	0.06
Personnel Expenses	-12.26	-5.85
OPEX	-32.61	-16.70
D&A	-2.72	-1.78
Others Results	0.01	-0.14
OPERATING RESULT	7.53	-4.22
FINANCIAL RESULT	**-0.66**	**-0.26**
EBT	**6.87**	**-4.48**
Income Taxes	-1.36	0.74
NET RESULT	**5.51**	**-3.74**

Holaluz closed the first half of 2022 with consolidated sales of €562.6 million, multiplying by three the turnover for the same period of the previous fiscal year (€186.76 million).

Energy management revenues increased from €184.4 million in the first half of 2021 to €552.5 million in the first half of 2022, an increase of 200% as a result of both increased volumes of energy sold and represented (the former as a result of an increase in the number of customers compared to the first half of last year and the latter as a result of the incorporation of new renewable energy generation plants into the representation portfolio, both in Spain and Portugal) and to higher electricity prices, following the disruption of the energy markets.

Solar revenues grew the most in percentage terms (+323% from €2.4 million to €10.1 million) as a result of Holaluz's continued strategic focus on the Rooftop Revolution.

The accumulated gross margin for the first half of 2022 reached €50.69 million (H1 2021: €18.15 million), equivalent to 9% of sales.

As of 30 June 2022, staff expenses amounted to €12.26 million (€5.85 million as of 30 June 2021). The strong increase in this line item is explained substantially by an increase in staff by 240 employees during the first half of 2022, which is primarily driven by increases in Solar headcount in line with our strategy to rapidly expand the solar business.

Other operating expenses reached €32.61 million (€16.70 million as at 30 June 2021)[5]. The increase from the previous year is generated largely by the investment in the Rooftop Revolution: greater investment in brand, equipment and new technology that support operations with a strong focus on the customer as well as the service provided.

Consolidated income before taxes was a profit of €6.87 million (-€4.48 million as at 30 June 2021).

[4] This figure includes for all periods the accrual/deferral of the customer acquisition costs (CAC). Until t December 2020, this accrual/deferral was registered as an intangible asset with its corresponding depreciation in the P&L. However, the Resolution of 10th February 2021 of the ICAC (Instituto de Contabilidad y Auditoría de Cuentas), which dictates standards for the recording, valuation and preparation of annual accounts for the recognition of income from the delivery of goods and the provision of services, establishes that the incremental costs of acquiring a contract must be accounted for as short/long-term accruals of assets in the balance sheet and must be allocated to the income statement in other operating expenses. Consequently, from 2021 acquisition costs are no longer amortized, and the annual periodification cost is reported in the P&L account within the avertising and publicity costs (included in other operating expenses). The rest of the CAC is accrued on the balance sheet.
H1 2022 figures include 8.9M€, of which 5.6M€ correspond to a lifetime value regularization, decreasing from 7 to 4 years, aligning the LTV to the current portfolio of clients.

Balance Sheet

Due to the upside in prices since June 2021 and the corresponding requirements and requirements of guarantees and Margin Calls of the counterparties in order to be able to satisfy an optimal coverage strategy for the energy expected to be consumed by the Holaluz customers in the next 12 months, it was decided to replace the majority of the derivatives operations closed in chamber with PPa's, physical and financial.

As of March 31, 2022, the Parent Company and Clidomer have jointly signed a total of 37 PPA contracts (19 facilities in Portugal, 12 facilities in the Balearic Islands and 6 facilities in the Peninsula) that contemplate the physical delivery of energy at a fixed price at the start of the contract and for a certain temporary period that varies between 1 and 10 years. These contracts, due to their nature (physical energy delivery), are not considered hedging operations, so they are not reflected in the consolidated balance sheet. However, in the opinion of the Directors, they must be considered in order to analyze the perspectives and understand the financial position of the Holaluz as a whole.

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The fair value of such contracts considering the MtM (mark-to-market), that is, considering the amount of energy to be delivered, the period and the expected price, amounts to 149.8 million euros, of which 103.5 million euros are expected to materialize in the following 12 months (until March 31, 2023) and, the rest, 37.4 million euros from April 2023 onwards.
Therefore, in order to visualize the flows, assets and obligations for the next fiscal year, the administrators have chosen to present, below, the consolidated balance sheet that would result from the emergence of said PPAs (latent assets) as well as the potential tax effect that this would have at December 31, 2021 and March 31, 2022:

ASSETS [6]	(normalized)		(s/ Stat. Accounts)	
M'€	30.06.22	31.12.21	30.06.22	31.12.21
CURRENT ASSETS	**293.63**	**344.72**	**231.83**	**217.38**
Stock	11.49	2.35	11.49	2.35
Debtors	115.43	83.05	115.43	83.05
Short term financial investments	142.74	238.93	80.94	111.59
Short term periodifications	11.72	10.50	11.72	10.50
Cash at banks	12.25	9.90	12.25	9.90
NON CURRENT ASSETS	**169.47**	**96.74**	**77.32**	**66.08**
Intangible assets	19.05	15.48	19.05	15.48
Tangible assets	1.48	0.84	1.48	0.84
Long term financial investments	106.66	36.36	14.51	5.71
Deferred taxes	22.54	20.69	22.54	20.69
Long term periodifications	19.74	23.35	19.74	23.35
TOTAL ASSETS	**463.10**	**441.46**	**309.15**	**283.46**

[6] The normalized balance sheet review is not included in the standard procedures of the Limited Review by the auditors for the interim consolidated financial statements at June 30, 2022; which are only restricted to the statutory accounts. The normalized balance sheet is calculated adding, to the audited consolidated figures at 30.6.22, the MtM from physical PPAs at the same date, €154m, according to the Company's financial management accounts.

According to the regulations of the Spanish General Accounting Plan (Plan General Contable, PGC) at the end of the first half of 2022, the consolidated balance sheet is €309.15 million (€283.46 million at December 31, 2021). The increase is primarily driven by (i) an increase in fixed assets which is itself primarily driven by CAPEX and Rooftop Loans (photovoltaic facility loans) and (ii) an increase in current assets which is itself due to increased inventories (as a result of growth of business), trade debtors (as a result of increased prices to customers) and VAT receivable (as a result of reduction in VAT rate to retail clients).

The increase in intangible fixed assets recorded up to 30 June 2022 includes the capitalization of the work carried out by the company for its assets for the amount of €3.1 million as of 30 June 2022, corresponding to the technological innovation project related to the vertical integration of all the distributed generation and Smart Supply processes (invoicing dues) in which the company has been immersed since the start of fiscal year 2021.

For the preparation of the consolidated balance sheet, the resolution of the ICAC of 10 February 2021 has been taken into account, according to which the incremental costs of acquiring a contract must be accounted for as short/long-term deferred expenses in the balance sheet, while the allocation to the income statement must be recorded in other operating expenses. This criterion has been applied in Holaluz since 1 January 2021, modifying the comparative figures of both the balance sheet and the income statement of previous years. As of 30 June 2022, a total of €26.7 million has been activated under long- and short-term deferred expenses as incremental customer acquisition costs.

As of 30 June 2022, long-term financial investments amounted to €14.51 million. These include mainly the accounting of derivatives of long-term electricity purchase coverage, as well as €7.5 million of Rooftop loans (photovoltaic facility loans) to be returned in fixed installments in the next 15 years and which are collected from the customer along with the electricity bill. These loans were undertaken as a proof of concept for raising an SPV and Holaluz does not at present intend to provide such additional loans without raising an SPV.

As of 30 June 2022, current assets according to the General Accounting Plan amount to €231.83 million, of which €75.4 million are derivatives. The significant increase is mainly due to higher trade debtors following the increase in prices applied in 2022 as well as to the increase in cash of €2.35 million. Note that because of the various changes in legislation since June 2021, the VAT on invoices issued went from 21% to 10% (June 2021) and then to 5% (June 2022) for electricity and from 21% to 5% (September 2022) for gas for domestic customers, while suppliers have continued to bill at 21%. This has generated a VAT receivable balance of €15.56 million as of 30 June 2022.

At the treasury level, during the first half of 2022, the cash position increased from €9.9 million at the end of 2021 to €12.25 million at 30 June 2022. The development of the net debt position is as follows:

M'€	30.06.22	30.12.21
Long-term liabilities with financial entities	**32.47**	**19.87**
Short-term liabilities with financial entities	41.02	36.96
Cash at banks	(12.25)	(9.90)
Net debt	**61.24**	**46.93**
Rooftop Loans	(7.50)	(2.63)
Adjusted Net debt	**53.74**	**44.30**

Rooftop Loans are the loans for photovoltaic installations granted to customers, which will be repaid in fixed installments included in their electricity bill over the next 15 years. These loans were undertaken as a proof of concept for raising an SPV and Holaluz does not at present intend to provide such additional loans without raising an SPV. We have deducted these from net debt as we do not consider that these should form part of our balance sheet on an ongoing basis and would expect these loans to be transferred to an SPV when one is raised.

As of 30 September 2022, the net debt position and adjusted net debt positions were €49.1 million and €41.4 million, a reduction of €12.1 million versus the level of net debt at 30 June 2022.

LIABILITIES [7]

M'€	(normalized) 30.06.22	(normalized) 31.12.21	(s/ Stat. Accounts) 30.06.22	(s/ Stat. Accounts) 31.12.21
CURRENT LIABILITIES	**233.20**	**228.53**	**233.20**	**228.53**
Short term debts	85.12	104.77	85.12	104.77
Accounts Payable	143.47	123.08	143.47	123.08
Short term periodifications	4.61	0.67	4.61	0.67
NON CURRENT LIABILITIES	**105.53**	**87.30**	**67.04**	**47.80**
Long term debts	67.04	47.80	67.04	47.80
Deferred taxes	38.49	39.50	0.00	0.00
TOTAL ASSETS - LIABILITIES	**124.37**	**125.63**	**8.91**	**7.13**
NET EQUITY	**124.37**	**125.63**	**8.91**	**7.13**
Share Capital & Reserves	53.48	47.95	53.48	47.95
Adjustments for changes in value	70.89	77.69	-44.57	-40.81

[7] The normalized balance sheet review is not included in the standard procedures of the Limited Review by the auditors for the interim consolidated financial statements at June 30, 2022; which are only restricted to the statutory accounts. The normalized Balance Sheet is calculated adding, to the audited consolidated figures at 30.6.22, the MtM from physical PPA's at the same date, 154M€, according to the Company's financial management accounts.

Shareholders' funds improved by €5.53 million in the first half of 2022, reaching €53.48 million as at 30 June 2022.

Net Equity includes adjustments for changes in value arising from the accounting of derivatives of €-44.57 million as of 30 June 2022 (-40.81 million as of 31 December 2021); data according to PGC. This amount corresponds to the differential between the spot price on 30 June 2022 and the price at which hedging operations were closed. It is important to emphasize that this data is not complete within the coverage strategy of the Parent Company, since it would be necessary to include the impact of the MtM of physical PPAs, which shows a Net Asset Value at the close of the interim consolidated financial statements of 30 June 2022 of €124.37 million.

The *normalized* non-current liabilities amount to €105.53 million as at 30 June 2022 (€87.30 million as at 31 December 2021). The increase is explained in financial derivatives and in the increase in debt with credit institutions.

Normalized current liabilities increased slightly in the first half of 2022, from €228.53 million at 31 December 2021 to €233.20 million at 30 June 2022 due to the increase of representation revenues and the increase in prices.

Working Capital

During the first half of 2022, working capital requirements of the business increased due to the increase of inventories (as a result of growth of business) and of trade debtors (as a result of increased prices to customers).

M'€	30.06.22	31.12.21
WORKING CAPITAL	**-16.55**	**-37.68**
Accounts Receivable + Stock	126.92	85.40
Accounts payable	143.47	123.08

Cash flows

M'€	30.06.22	31.06.21
CASH FLOW FROM OPERATIONS	**-5.22**	**1.43**
EBT (normalized)	6.87	-4.48
Adjustments to net result	8.28	3.64
Changes in current assets	-19.70	2.54
Other cash flow from operations	-0.66	-0.26
CASH FLOW FROM INVESTMENTS	**-9.08**	**-15.13**
Payments from investments(-)	-10.87	-15.13
Cash in from desinvestments (+)	1.79	0.00
CASH FLOW FROM FINANCING	**16.66**	**9.56**
Proceeds from net equity	0.00	0.00
Proceeds from issuing debt	16.66	9.55
NET INCREASE IN CASH DURING THE YEAR	**2.36**	**-4.14**
Cash at the beginning of the year	9.90	34.04
Cash at the end of the year	12.25	29.89

In the first half of 2022, operating cash flow was €-5.22 million compared to €1.43 million in the same period of 2021. This is largely explained by the increase in debtors and other accounts receivables due to increase in activity and increase in prices in Q1 2022, as well as the increase of €9 million in inventories, which include advance payments to suppliers and purchases of material for solar installations. The investment cash flow reached €-9.08 million (H1 2021: €-15.13 million), resulting from the investment in the solar business and the execution of the business plan of The Rooftop Revolution. Additionally, the Company raised debt of €16.66 million in order to finance the increased working capital requirements.

About Holaluz

Holaluz has the goal of a world powered by 100% green energy. Created with the conviction that a company must be a tool to change the world, Holaluz leads the energy transition through the combination of two businesses that make each other unique: connecting people to green energy and transforming m2 of rooftop into a producer of cheaper green electricity for everyone through The Rooftop Revolution. The company's goal is to transform the current electricity model generation - centralized and non-renewable - to a model that combines centralized with distributed generation and leverages entirely on renewable energies.

With this, Holaluz aims to build a green energy ecosystem in its clients' homes based on an integral solution that combines the installation of solar panels with the assembly of batteries and electric chargers and which seeks to cover the growing electrification of energy demand. In short, a holistic vision that consolidates Holaluz as a top player in the solar segment.

Within its strategy, Holaluz proposes a company model in which people can develop in an integral way, providing flexibility and autonomy to develop their responsibilities. Holaluz is a company with parity at all decision-making levels and in all teams.

As a result of this policy and organizational culture, Holaluz was the first European electric company to receive the B Corp certification, a seal that includes more than 2,500 companies from 50 countries and whose objective is to give visibility to companies that, beyond generating economic profits, innovate to maximize their positive impact on employees, on the communities where they operate and on the environment. Holaluz is also a founding company of Conscious Capitalism in Spain, a philosophy that recognizes the innate potential of business to have a positive impact on the world.

Holaluz was ranked No. 1 in 2020 in the global ESG ranking of electric utilities by Sustainalytics, the world's leading ESG and corporate governance research and ratings agency. In January 2022, the company was recognized as one of the top-rated companies in ESG risk within the industry (utilities) and region (EMEA) categories.

Barcelona, 20 October 2022

Report on Limited Review

Holaluz-Clidom, S.A. and Subsidiaries

Interim Consolidated Financial Statements
for the six-month period ended
June 30, 2022

REPORT ON LIMITED REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

Introduction

We have carried out a limited review of the accompanying interim consolidated financial statements of Holaluz-Clidom, S.A., which comprise the consolidated balance sheet at June 30, 2022, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the explanatory notes thereto for the six-month period then ended. The directors are responsible for the preparation of the Company's interim consolidated financial statements in accordance with the regulatory framework for financial information applicable to the entity in Spain (which is identified in note 2 to the accompanying explanatory notes), and for such internal control as they determine is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our limited review.

Scope of the review

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

Conclusion

As a result of our limited review, which under no circumstances should be considered an audit of financial statements, no matter came to our attention that would lead us to conclude that the accompanying interim consolidated financial statements do not express, in all material respects, a true and fair view of the financial position of Holaluz-Clidom, S.A. at June 30, 2022, as well as its results and cash flow for the six-month period then ended, in conformity with the applicable regulatory framework for financial information and, in particular, the accounting principles and criteria established therein.

Paragraph on other issues

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

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

Albert Closa Sala

October 19, 2022

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Interim consolidated financial statements at June 30, 2022

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

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Consolidated balance sheet at June 30, 2022 and December 31, 2021 Consolidated income statement at June 30, 2022 and June 30, 2021

ASSETS	***Notes***	***06.30.2022***	***12.31.2021***
NON-CURRENT ASSETS			
Intangible assets-	5	**19,049,811**	**15,484,105**
Patents		4,210	4,306
Software		305,946	260,128
Development costs		18,720,222	15,219,671
Goodwill		19,433	-
Property, plant, and equipment-	6	**1,484,549**	**841,929**
Land and buildings		494,551	299,402
Technical installations and other PP&E items		989,998	542,527
Property, plant and equipment under construction and prepayments		-	-
Financial investments-		**14,506,341**	**5,711,144**
Loans to third parties	8	7,495,086	2,633,214
Derivatives	15	6,008,170	2,477,007
Other financial assets	**8**	1,003,085	600,924
Deferred tax assets	17	**22,535,136**	**20,690,349**
Accruals	8	**19,743,813**	**23,354,399**
Total non-current assets		**77,319,650**	**66,081,927**
CURRENT ASSETS			
Inventories-		**11,490,388**	**2,350,840**
Commercial inventories		5,191,302	681,326
Prepayments to suppliers		6,299,086	1,669,514
Trade and other receivables-	9	**115,429,187**	**83,048,775**
Trade receivables	16	74,439,572	48,485,760
Other receivables		25,285,433	15,855,748
Receivable from employees		101,756	56,017
Current income tax assets	17	36,241	32,020
Other receivables from Public Administrations	17	15,566,185	18,619,230
Financial investments-		**80,939,708**	**111,585,811**
Derivatives	8, 15	75,764,380	103,528,159
Other financial assets	8	5,175,328	8,057,651
Accruals	8	**11,720,364**	**10,497,360**
Cash and cash equivalents-	10	**12,251,783**	**9,895,029**
Cash		12,251,783	9,895,029
Total current assets		**231,831,430**	**217,377,815**
TOTAL ASSETS		**309,151,080**	**283,459,742**

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated balance sheet at June 30, 2022 and December 31, 2021 Consolidated income statement at June 30, 2022 and June 30, 2021

EQUITY AND LIABILITIES	*Notes*	*06.30.2022*	*12.31.2021*
EQUITY			
CAPITAL AND RESERVES-	11	**53,476,204**	**47,946,451**
Share capital-		**656,662**	**656,662**
Issued capital		656,662	656,662
Share premium		**61,772,144**	**61,772,144**
Reserves		**(14,161,383)**	**(5,769,211)**
Legal and statutory reserves		123,477	123,477
Other reserves		(14,284,860)	(5,892,688)
Treasury shares		**(300,217)**	**(300,217)**
Profit/(loss) for the year		**5,508,998**	**(8,412,927)**
Valuation adjustments		**(44,569,806)**	**(40,812,106)**
Hedging transactions	15	(44,569,806)	(40,812,106)
Total Equity		**8,906,398**	**7,134,345**
NON-CURRENT LIABILITIES			
Payables-		**67,039,967**	**47,799,832**
Bank borrowings	13	32,378,832	19,689,979
Finance leases	13	84,522	82,042
Derivatives	15	34,571,071	27,932,010
Other financial liabilities		5,542	95,802
Total non-current liabilities		**67,039,967**	**47,799,832**
CURRENT LIABILITIES			
Payables-		**85,122,980**	**104,769,628**
Bank borrowings	13	27,211,231	26,275,655
Finance leases	13	14,204	26,403
Derivatives	15	44,103,930	67,809,619
Other financial liabilities	13	13,793,615	10,657,950
Trade and other payables-		**143,471,674**	**123,084,179**
Suppliers	14	104,910,552	102,985,490
Other payables	14	33,612,260	17,187,370
Employee benefits payable	14	271,561	486,087
Current income tax liabilities	14, 17	1,503,442	13,086
Other payables to Public Administrations	14, 17	1,013,252	876,926
Customer advances	14	2,160,607	1,535,220
Accruals		**4,610,058**	**671,758**
Total current liabilities		**233,204,712**	**228,525,564**
TOTAL EQUITY AND LIABILITIES		**309,151,080**	**283,459,742**

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated balance sheet at June 30, 2022 and December 31, 2021 Consolidated income statement at June 30, 2022 and June 30, 2021

	Notes	06.30.2022	06.30.2021
CONTINUING OPERATIONS			
Revenue-	**18.a**	**562,603,665**	**186,759,256**
Sales		552,257,086	186,759,256
Rendering of services		10,346,579	-
Changes in inventory of finished goods and work in progress	**18.b**	**2,833,955**	**-**
Work performed by the entity and capitalized	**5.1**	**3,097,520**	**2,042,652**
Cost of sales-	**18.b**	**(514,748,037)**	**(168,611,624)**
Consumption of goods		(513,113,996)	(168,611,624)
Work performed by third parties		(1,634,041)	-
Other operating income-		**1,318,941**	**(57,380)**
Ancillary income		1,318,941	(57,380)
Employee benefits expense-	**18.c**	**(12,258,082)**	**(5,849,763)**
Wages, salaries et al.		(9,523,428)	(4,458,462)
Social security costs et al.		(2,734,654)	(1,391,301)
Other operating expenses-		**(32,610,077)**	**(16,698,022)**
External services	**18.d**	(27,537,255)	(14,738,404)
Taxes		(178,675)	(244,844)
Losses on, impairment of and change in trade provisions	**9**	(4,894,147)	(1,714,774)
Depreciation and amortization	**5,6,18.e**	**(2,722,832)**	**(1,775,535)**
Other gains and losses	**18.f**	**11,293**	**(141,588)**
Non-recurring income and expenses		11,293	(141,588)
OPERATING PROFIT/(LOSS)		**7,526,346**	**(4,217,244)**
Finance income-		**(24)**	**4,724**
From marketable securities and other financial instruments		(24)	4,724
Finance costs-		**(660,424)**	**(267,981)**
Third-party borrowings	**18.g**	(660,424)	(267,981)
Exchange gains (losses)		**(551)**	**-**
FINANCE COST		**(660,999)**	**(263,257)**
PROFIT/(LOSS) BEFORE TAX		**6,865,347**	**(4,480,501)**
Income tax	**17**	(1,356,349)	735,980
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**5,508,998**	**(3,744,521)**
PROFIT/(LOSS) FOR THE YEAR		**5,508,998**	**(3,744,521)**

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated statement of changes in equity at June 30, 2022

	06.30.2022	06.30.2021
PROFIT/(LOSS) FOR THE YEAR	**5,508,998**	**(3,744,521)**
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY		
From cash flow hedges	7,387,098	(3,341,281)
Tax effect	(1,846,774)	825,320
TOTAL INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY	**5,540,324**	**(2,505,960)**
AMOUNTS TRANSFERRED TO INCOME STATEMENT		
From cash flow hedges	(12,397,364)	(8,817,670)
Tax effect	3,099,341	2,204,417
TOTAL AMOUNTS TRANSFERRED TO INCOME STATEMENT	**(9,298,023)**	**(6,613,252)**
TOTAL RECOGNIZED INCOME AND EXPENSES	**1,751,298**	**(7,851,813)**

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated statement of changes in equity at June 30, 2022

	Issued capital (Note 11)	Share premium (Note 11)	Reserves (Note 11)	Treasury shares (Note 11)	Profit/(loss) for the year	Valuation adjustments (Note 15)	TOTAL
Balance at 12.31.2021	**656,662**	**61,772,144**	**(5,769,211)**	**(300,217)**	**(8,412,927)**	**(40,812,106)**	**7,134,345**
Total recognized income and expenses	-	-	-	-	5,508,998	(3,757,700)	**1,751,298**
Transactions with shareholders and owners	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	-
Appropriation of prior-year profit/(loss)	-	-	(8,412,927)	-	8,412,927	-	-
Other changes in equity	-	-	20,755	-	-	-	**20,755**
Balance at 06.30.2022	**656,662**	**61,772,144**	**(14,161,382)**	**(300,217)**	**5,508,998**	**(44,569,806)**	**8,906,398**

	Issued capital (Note 11)	Share premium (Note 11)	Reserves (Note 11)	Treasury shares (Note 11)	Profit/(loss) for the year	Valuation adjustments (Note 15)	TOTAL
Balance at 12.31.2020	**617,385**	**43,730,866**	**(4,708,927)**	**(304,602)**	**(1,072,672)**	**5,003,514**	**43,265,564**
Total recognized income and expenses	-	-	-	-	(3,744,521)	(4,107,291)	**(7,851,813)**
Transactions with shareholders and owners	-	-	-	4,385	-	-	**4,385**
Capital increase	-	-	-	4,385	-	-	**4,385**
Appropriation of prior-year profit/(loss)	-	-	(1,057,860)	-	1,072,672	-	**14,813**
Balance at 06.30.2021	**617,385**	**43,730,866**	**(5,766,787)**	**(300,217)**	**(3,744,521)**	**896,223**	**35,432,949**

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated cash flow statement at June 30, 2022 and June 30, 2021

	Notes	06.30.2022	06.30.2021
Profit/(loss) before tax		6,865,347	(4,480,501)
Adjustments to profit		8,277,427	3,638,786
Depreciation and amortization (+)		2,722,832	1,775,666
Impairment losses (+/-)		4,894,147	1,714,774
Changes in provisions (+/-)		-	(114,911)
Finance income (-)		24	(4,724)
Finance costs (+)		660,424	267,981
Change in working capital		(19,700,727)	2,538,450
Inventories (+/-)		(9,139,547)	407,795
Trade and other receivables (+/-)		(37,274,559)	(13,530,251)
Other current assets (+/-)		(1,223,004)	(5,883,264)
Trade and other payables (+/-)		20,387,498	26,212,361
Other current liabilities (+/-)		3,938,300	-
Other non-current assets and liabilities (+/-)		3,610,587	(168,192)
Other cash flows from/(used in) operating activities		(660,448)	(263,257)
Interest paid (-)		(660,424)	(267,981)
Interest received (+)		(24)	4,724
Cash flows from/(used in) operating activities (1+2+3+4)		(5,218,401)	1,433,478

CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Payments on investments (-)		(10,870,892)	(15,134,459)
Intangible assets		(6,158,174)	(3,720,595)
Property, plant and equipment		(772,984)	(72,455)
Other financial assets		(3,939,734)	(11,342,409)
Business unit		-	-
Other assets		-	-
Proceeds from disposals (+)		1,785,932	-
Other financial assets		1,785,932	-
Cash flows from/(used in) investing activities (6+7)		(9,084,960)	(15,134,459)

CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		-	4,385
Disposal of own equity instruments (+)		-	4,385
Proceeds from and payments on financial liabilities		16,660,115	9,552,771
Issues		16,660,115	10,080,657
Bank borrowings (+)		13,614,710	*10,080,657*
Other payables		3,045,405	-
Repayment and redemption of:		-	(527,887)
Bank borrowings (-)		-	*(527,887)*
Other payables		-	-
Cash flows from/(used in) financing activities (9+10+11)		16,660,115	9,557,155

Net foreign exchange difference	-	-

NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	2,356,754	(4,143,826)
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	12,251,783	29,892,507

1. Activity

The Parent Company, HOLALUZ-CLIDOM, SA (hereinafter Holaluz or the Parent) 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 June 30, 2022 the Parent Company holds a direct ownership interest in the following companies:

- Clidomer Unipessoal, LDA (wholly owned at June 30, 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 June 30, 2022) is a limited liability company that was incorporated on May 8, 2018 and is domiciled in Milan at via Gabba Fratelli, 4. Its corporate purpose consists in the sale of electricity, gas and other energy products. At the date the interim financial statements at June 30, 2022 were prepared, the company is dormant.

- Clidom France, SARL (wholly owned at June 30, 2022) is a limited liability company that was incorporated on September 10, 2018 and is domiciled in Paris at Avenue de l'Opera 75001. Its corporate purpose consists in the sale of gas, electricity and other energy products in France. At the date the interim financial statements at June 30, 2022 were prepared, the company is dormant.

- Holaluz Generación, S.L. (formerly, Orwell Power, SL, wholly owned at June 30, 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 June 30, 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.

- Clidom Generación, SL (wholly owned at June 30, 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 interim financial statements at June 30, 2022 were prepared, the company is dormant.

- Bulb Energía Ibérica, SL (wholly owned at June 30, 2022) is a limited liability company that was incorporated on April 30, 2019 and is domiciled in Madrid at Paseo de la Castellana, 43. Its corporate purpose consists in the marketing and distribution of electricity from renewable sources. During the current first half of the year the company changed its corporate name to Clidom Energía Ibérica SL.

At June 30, 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 abovementioned ones or any transactions or activities that are necessary or advisable for the development of these activities or favor their development. This company started its activity in June 2021.

- Katae Energía, SL (wholly owned by Clidom Solar, SL at June 30, 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 June 30, 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.

2. Basis of presentation of the interim consolidated financial statements

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

The interim consolidated financial statements have been authorized for issue by the Parent Company's Directors.

Since November 2019 the Parent Company shares have been traded on BME Growth (formerly MAB); Growth Company Segment (see Note 11).

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

a) True and fair view

The interim consolidated financial statements for the period ended June 30, 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 accounting provisions in order to give a true and fair view of the equity, financial position and results of the Group.

b) Consolidation principles

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

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

The companies composing the Group apply basically the same accounting policies in their separate financial statements and close their business year at December 31, 2021, except for Clidom Energía Ibérica, S.L., which closes its fiscal year at March 31, 2022. Reciprocal balances in the balances sheet and the income statement, as well as significant unrealized margins, have been eliminated.

c) Comparison of information

In accordance with prevailing mercantile legislation, for comparative purposes, the figures for the year ended December 31, 2021 have been included for each item of the consolidated balance sheet and the consolidated statement of changes in equity. For comparative purposes, the figures for the 6-month period ended June 30, 2022 have been included for each item of the consolidated income statement and the consolidated cash flow statement. The explanatory notes to the financial statements also include quantitative and qualitative information at said dates, presented in the balance sheet or the income statement, as appropriate, except where disallowed by an accounting standard.

- Financial instruments

The changes have had no relevant impact on the accompanying interim consolidated financial statements.

- Revenue recognition

On February 13, 2021 the Resolution dated February 10, 2021 issued by the Spanish Accounting and Audit Institute was published, enacting the regulations for recognizing, measuring and preparing the recognition of revenue from the delivery of goods and rendering of services in the financial statements. This resolution refers to the accounting of customer acquisition costs and their treatment at the balance sheet and income statement levels. As a result, the company has retrospectively adapted its accounting records to the new standard as from January 1, 2021, reclassifying customer acquisition costs from intangible assets to accruals (both current and non-current), as well as related amortization costs, which have been reclassified to other operating expenses.

Until the year ended December 31, 2020 the Company recognized the incremental costs of obtaining a contract with a customer as an intangible asset.

c) Accounting principles

The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles and measurement standards described in chapter 3 of these explanatory notes to the interim consolidated financial statements. All mandatory accounting principles have been applied.

d) Critical issues concerning the assessment of uncertainty

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

- The capitalization and useful lives of intangible assets (Note 3c).
- The assessment of possible impairment losses on certain assets (Note 3c).
- The fair value of certain financial instruments (Note 3e).
- Provisions for unbilled income from energy supplied to customers and provisions for expenses for the purchase of energy and cost of tariffs pending invoice
- The estimated projections for assessing the recovery of tax credits related to deductions (Notes 3g and 17).
- 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 June 30, 2022, events may occur in the future that require prospective adjustments (upwards or downwards) to these estimates in subsequent years.

e) Current/non-current classification of items

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

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

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

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

Royal Decree 15/2018, of October 5, regulating urgent measures for energy transition and consumer protection and modifying and repealing certain terms of the Electricity Sector Law, of Royal Decree 1995/2000, of December 1, regulating the transmission, distribution and 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 economy towards decentralization.

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

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

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

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

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

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

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

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

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

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

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

The lack of a caption for the 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 comprised between September 16 and December 31, 2021.

Additionally, Decree-Law 17/2021 approved an amendment to the tax rate applicable to the excise tax on electricity effective from September 16 to December 31, 2021, which has been reduced from 5.1% to 0.5%, which is the lowest tax rate allowed by EU regulations, provided that the lowest taxation level is not below 0.5 euros per megawatt-hour, if the said electricity is used for professional purposes, and 1 euro per megawatt-hour in the rest of cases. This period was extended to April 30, 2022 through Royal Decree-Law 29/2021 and subsequently it was extended again to June 30, 2022 through Royal Decree-Law 6/2022. Lastly, this period 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 electrointensive industry, and revising the special regime (RECORE), among others. All these measures are aimed at mitigating the rise in the prices of electricity and natural gas caused by the war in Ukraine.

Another measure to mitigate the rise in prices has been the one approved through Royal Decree-Law 10/2022, which establishes a temporary mechanism, until May 1, 2023 at the latest, for adjusting the production cost of marginal fossil technologies. The amounts corresponding to this adjustment are paid by the consumers that benefit from 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 interim consolidated financial statements, the recognition and measurement accounting policies of the Parent Company have been applied to all companies included in the scope of consolidation.

Elimination of internal transactions

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

3. Recognition and measurement accounting policies

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

a) Intangible assets

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

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

a.1) Industrial property

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

a.2) Development costs

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

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

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

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

a.3) Software

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

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

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

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

b) Property, plant and equipment

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

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

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

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

Property, plant and equipment	Percentage applied	
	06.30.2022	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 of fair value of the asset less cost to sell and value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired. To assess value in use, expected future cash flows are discounted to their present value using risk free market rates, adjusted by the risks specific to the asset. For those assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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

d) Operating leases

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

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

e) Financial instruments

e.1) Financial assets

<u>Recognition and measurement</u>

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

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

Financial assets at fair value through profit or loss

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

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

a) It is acquired for the purpose of selling in the near future.

b) At initial recognition, it is part of a portfolio of identified financial instruments managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

c) It is a derivative financial instrument, provided that it is not a financial guarantee contract or has been designated as a hedge.

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

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

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

Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

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

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

Financial assets at fair value through equity

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

- The financial instrument is not held for trading and cannot be classified at amortized cost.

- The contractual characteristics of the financial asset give rise on specified dates to cash flows that are solely collections of principal and interest on the principal amount outstanding.

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

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

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

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

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

Financial assets at cost

The Group includes in this category:

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

e) 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.

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

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

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

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

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

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

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

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

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

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

Impairment of financial assets

Debt instruments at amortized cost or fair value through equity

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

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

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

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

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

Equity instruments at fair value through equity

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

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

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

Financial assets at cost

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

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

Interest and dividends received from financial assets

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

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

e.2) Financial liabilities

Recognition and measurement

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

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

Financial liabilities at amortized cost

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

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

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

At initial recognition, financial liabilities in this category are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received adjusted by directly attributable transaction costs. That is, inherent transaction costs are capitalized.

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

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

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

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

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

Financial liabilities at fair value through profit or loss

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

- These are liabilities held for trading. A financial liability is considered held for trading if it meets one of the following conditions:
    - It is issued or assumed mainly for the purpose of repurchasing it in the short term (e.g. bonds or other quoted marketable securities that the company may purchase in the short term based on changes in value).
    - It is an obligation that short sellers have to deliver the financial assets that have been lent to them ("short selling").

  - At initial recognition, it is part of a portfolio of identified financial instruments managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

  - It is a derivative financial instrument, provided that it is not a financial guarantee contract or has been designated as a hedge.

- Since initial recognition it has irrevocably been designated as at fair value through profit or loss ("fair value option"), due to the fact that:

  - An inconsistency or "accounting mismatch" is eliminated or significantly reduced against other instruments at fair value through profit or loss; or

  - A group of financial assets and/or financial liabilities that is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the assets and/ or liabilities is provided internally to the entity's key management personnel.

- Optionally and irrevocably, hybrid financial liabilities with a separable embedded derivative may be entirely included in this category.

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

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

Derecognition of financial liabilities

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

- The obligation under the liability is extinguished because payment to the creditor for cancelling the debt has been made (through payments in cash or other goods or services) or because the debtor is legally released from any responsibility for the liability.

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

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

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

f) Hedge accounting

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

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

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

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

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

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

At the interim consolidated financial statements closing date (June 30, 2022), the Group's hedging strategy includes PPAs (Power Purchase Agreements) with producers of renewable plants at a fixed price for a period of 6 years (until 2027) that meet the required conditions.

g) Income tax

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

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

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

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

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

To determine the amount of deferred tax assets that can be recognized, the directors estimate the amounts and dates on which future taxable profits will be obtained and the reversion period of taxable temporary differences. Deferred tax assets recognized in the consolidated balance sheet at June 30, 2022 amount to 22,535 thousand euros (20,690 thousand euros at December 31, 2021), of which 14,857 thousand euros correspond to 25% of adjustments for changes in value of derivatives that mature subsequent to year end. In summary, tax loss carryforwards at June 30, 2022 amount to 8,161 thousand euros.

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

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

h) Cash and cash equivalents

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

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

i) Grants

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

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

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

j) Provisions and contingencies

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

j.1) Provisions

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

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

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

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

j.2) Contingent liabilities

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

The interim consolidated financial statements at June 30, 2022 include all provisions when the Company considers that it will more likely than not have to settle related obligations, and are measured at the present value of the best possible estimate of the amount needed to cancel or transfer the obligation to a third party. Contingent liabilities are not recognized in the consolidated balance sheet but disclosed in the notes to the consolidated financial statements.

k) Related-party transactions

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

l) Income and expenses

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

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

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

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

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

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

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

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

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

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

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

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

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

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”.

4. Business combination

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

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

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

After the announcement last July of Holaluz's plan to acquire installation companies, together with the confirmation last December 16 of the entry of Abacon Invest GmbH and Pelion Green Future Alpha GmbH into the company's share capital through a capital increase of 7.5 million (Note 11 to the consolidated financial statements), the Group signed an agreement to acquire its first two installers: Katae Energía SL. (Lérida) and GHC instalaciones (Gestión Hidráulica Canarias, SL., Tenerife). This first three acquisition operations allow 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 acquisition of the two installers - with which Holaluz had already been cooperating in the past - should allow it to increase its installation total capacity by 25 % in Spain, accelerating the solar growth plan, ensuring operations scalability, and enabling control over the entire end-to-end process.

The breakdown of the amounts related to acquisitions at June 30, 2022 is as follows (thousands of euros):

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

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

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

5. Intangible assets

At June 30, 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 June 30, 2022
Goodwill	-	20,031	-	-	20,031
Industrial property	18,951	-	-	-	18,951
Development costs	24,781,745	6,031,330	-	-	30,813,075
Software	1,347,069	106,812	-	-	1,453,881
Total	**26,147,765**	**6,158,173**	**-**	**-**	**32,305,938**
Accumulated amortization					
Goodwill	-	(598)	-	-	(598)
Industrial property	(14,664)	(77)	-	-	(14,741)
Development costs	(9,562,075)	(2,530,778)	-	-	(12,092,853)
Software	(1,086,941)	(60,994)	-	-	(1,147,935)
Total	**(10,663,660)**	**(2,592,447)**	**-**	**-**	**(13,256,127)**
NET TOTAL	**15,484,105**	**3,565,726**	**-**	**-**	***19,049,811***

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***

5.1. Significant movements

Additions in intangible assets recorded during the period comprised between January 1 and June 30, 2022 include the capitalization of work performed by Holaluz Clidom S.A. and Clidom Solar S.L. and capitalized for an amount of 3,097,520 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 charge) that the Group has been carrying out since the beginning of the financial year 2021. It also includes developments by external technology consulting firms amounting to 2.80M euros at June 30, 2022 (4.34M 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 photovoltaic 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 installation, 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 installation is self-consumed and another portion is sold to Holaluz. This is a project that is comprehensively classified as a Technological Innovation project.

5.2 Other information

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

Account	*Balance at 06.30.2022*	*Balance at 12.31.2021*
Development costs and Software	2,880,617	1,539,894
Industrial property	14,000	14,000
Total	2,894,617	1,553,894

No intangible assets are located outside of Spain.

6. Property, plant and equipment

At June 30, 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 June 30, 2022
Data processing equipment	655,807	337,273	1,740	-	994,820
Installations	523,146	218,635	14,662	-	756,443
Furniture and office equipment	147,169	88,629	-	-	235,798
Transport equipment	153,536	101,683	26,634	-	281,853
Total	**1,479,657**	**746,220**	**43,036**	**-**	**2,268,914**
Accumulated depreciation					
Data processing equipment	(377,473)	(74,331)	(2,577)	-	(454,381)
Installations	(181,031)	(26,738)	(2,477)	-	(210,246)
Furniture and office equipment	(38,796)	(10,541)	(184)	-	(49,521)
Transport equipment	(40,428)	(17,733)	(12,056)	-	(70,218)
Total	**(637,727)**	**(129,343)**	**(17,293)**	**-**	**(784,365)**
NET TOTAL	***841,929***	**616,877**	**25,743**	**-**	***1,484,549***

Cost	Balance at December 31, 2020	Investments and Charge for the year	Business combinations	Disposals	Balance at December 31, 2021
Data processing equipment	500,390	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)**	**1,479,657**
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**	**(637,727)**
NET TOTAL	***652,458***	**129,215**	**60,617**	**(361)**	***841,929***

6.1. 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.

There have been no disposals for the 6-month period until June 30, 2022.

6.2. Other information

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

Account	*Balance at 03.31.2022*	*Balance at 12.31.2021*
Data processing equipment	246,381	186,462
Furniture	2,757	2,757
Total	252,138	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 June 30, 2022 these potential risks were fully covered by the insurance.

No property, plant and equipment items have been acquired between the group companies at June 30, 2022 or December 31, 2021. No property, plant and equipment items are located outside of Spain.

7. Leases and similar arrangements

7.1. 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 06.30.2022	Balance at 06.30.2021
Lease expenses	616,971	234,759
Total	616,971	234,759

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

Maturity	06.30.2022	12.31.2021
Within one year	431,910	481,620
Between one and five years	2,462,185	933,385
Total	2,894,095	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.

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

a) Non-current financial investment categories

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

Financial assets at amortized cost Non-current	06.30.2022	12.31.2021
Loans to third parties	7,495,086	2,633,214
Other financial assets	1,003,085	600,924
Total	8,498,171	3,234,138

Loans to third parties amounting to 7.5M euros correspond to loans for photovoltaic installations that the customers will repay in fixed instalments included in their electricity bill over the next 15 years (2.6M euros at December 31, 2021).

Other non-current financial assets substantially correspond to the deposit given as a lease guarantee on the offices rental maturing in 2024 (133 thousand euros at June 30, 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 (37 thousand euros), 338 thousand euros deposited at the OMIP market by the subsidiary Clidomer (400 thousand euros at December 31, 2021), 375 thousand euros of guarantees deposited at MEEF by the subsidiary Clidom Energía Ibérica, which at the date these financial statements were authorized for issue have been replaced by a security interest, among others.

The "Derivatives" balance at June 30, 2022 and December 31, 2021 is commented on in Note 15.

b) Current financial investment categories

Current financial investments are classified based on the following categories:

Financial assets at amortized cost Current	06.30.2022	12.31.2021
Other financial assets	5,175,328	8,057,651
Total	5,175,328	8,057,651

At June 30, 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 June 30, 2022 and December 31, 2021 is commented on in Note 15.

c) Short-term accruals

This heading includes the accrual of annual expenses that at the closing date of these interim financial statements have not yet been incurred and amounts to 11,720 thousand euros (10,497 thousand euros at December 31, 2021). The breakdown of this caption is as follows:

- Sales commissions for an amount of 1,821 thousand euros (1,565 thousand euros at December 31, 2021) for annual customer contracts.
- Customer acquisition costs (Note 3.n) amounting to 7,103 thousand euros (4,715 thousand euros at December 31, 2021).
- Insurance premiums amounting to 198 thousand euros (162 thousand euros at December 31, 2021).
- Advertising costs for campaigns not launched amounting to 1,678 thousand euros (914 thousand euros at December 31, 2021).
- Additionally, 920 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 photovoltaic panel installation projects.

d) Long-term accruals

This heading includes accruals of customer acquisition costs (Note 3.n) amounting to 19,744,813 euros (23,354,399 euros at December 31, 2021). During the first 6 months of 2022 customer acquisition costs amounting to 8,904 thousand euros have been recorded as an expense (5,213 thousand euros for the year ended December 31, 2021) corresponding to the accrual thereof.

9. Trade and other receivables

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

Trade and other receivables	06.30.2021	12.31.2021
Trade receivables	74,439,572	48,485,760
Other receivables	25,285,433	15,855,748
Receivables from employees	101,756	56,017
Current income tax assets (1)	36,241	32,020
Other receivables from Public Administrations (2)	15,566,185	18,619,230
TOTAL	115,429,187	83,048,775

At June 30, 2022, the balances related to electricity and gas sales of the Parent Company pending invoice included in "Trade receivables" amount to 50,293 thousand euros (33,599 thousand euros at December 31, 2021) and correspond to energy supplied during June, which is invoiced to customers during the first working days of the following month (in this case, July 2022). 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 the subsidiary Clidom Solar for solar panel installation amounting to 760 thousand euros (141 thousand euros at December 31, 2021) and 312 thousand euros corresponding to the subsidiary Katae Energía for the same concept (41 thousand euros at December

31, 2021). It also includes 4,014 thousand euros corresponding to the subsidiary Clidomer Portugal for the sale of electricity (788 thousand euros at December 31, 2021).

The balance of receivables from public administrations amounting to 16M euros is commented on in Note 17.

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	06.30.2022	06.30.2021
Opening impairment losses	(6,158,334)	(3,971,123)
Impairment losses	(4,900,000)	(1,800,000)
Derecognition and reductions	-	24,366
Additions due to business combinations	(106,039)	-
Total	(11,164,373)	(5,746,987)

10. Cash and cash equivalents

The breakdown of this caption at June 30, 2022 and December 31, 2021 is as follows:

	06.30.2021	*12.31.2021*
Cash	13,648	1,032
Demand current accounts	12,238,135	9,893,997
Total	12,251,783	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.

11. 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.

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 Parent 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 Parent Company outstanding shares to be traded on BME Growth (formerly MAB), specifically shares issued within the public offering framework. On the same date a capital decrease of 5,068 euros against Reserves for the Parent Company was approved.

On November 21, 2019 the Board of Directors of the Parent Company carried out the capital increase for an effective amount of 29,999,998.98 euros through the issuance and putting into circulation of 3,856,041 new ordinary shares with a nominal value of 0.03 euros each plus a share premium of 7.75 euros per share. Consequently, the new share issue rate is 7.78 euros per share. Therefore, the capital increase amounts to 115,681.23 euros and the corresponding share premium amounts to 29,884,317.75 euros. These amounts have been fully paid in upon subscription of the new shares. Within the framework of the IPO on BME Growth, the Parent Company acquired treasury shares for an amount of 300 thousand euros.

Last September 30, 2021, given the chance of carrying out potential acquisitions of electricity marketers arisen as a result of the situation of spot market electricity prices, and thus speed up the Company’s organic growth plan that sets the objective of reaching one million customers by the end of 2023, Holaluz signed with two institutional investors (MDR Inversiones, S.L. and Mediavideo B.V.) a transaction consisting in a subordinated financing mandatorily convertible into Holaluz shares for the amount of 11,368,106.96 euros, maturing on December 31, 2021 and a conversion price of 13.81 euros per share. The purpose of this transaction was to increase the Company’s financial agility to launch its consolidation strategy in the sector by means of these potential acquisitions at more attractive prices.

In order to convert the mandatorily convertible financing received into shares, at the general meeting held on November 9, 2021, Holaluz shareholders resolved to increase capital through the offset of credits for a nominal amount of 24,765 euros and cash (including share premium) of 11,400,155 euros by issuing new ordinary shares with a nominal value of 0.03 euros each, expected to be an incomplete subscription and delegating the power to carry out the capital increase (‘Increase by Offsetting’) to the board of directors.

As a result of this delegation, at the meeting held on November 9, 2021 the board of directors resolved to carry out the Increase by Offsetting for an effective amount (nominal value plus share premium) of 11,380,565.16 euros, which was fully subscribed by MDR Inversiones, S.L. and Mediavideo B.V., as the creditors, through the offset of the credit rights they held against the Company resulting from the mandatorily convertible subordinated financing that they had granted to Holaluz. The Increase by Offsetting was carried out through the issuance and putting into circulation of 824,080 new ordinary shares of the same class and series as currently outstanding Company shares, represented by book entries, with a nominal value of 0.03 euros each. These shares accounted for approximately 4% of share capital before the Increase by Offsetting and 3.85% of share capital after the Increase by Offsetting and grant their holders the same voting and dividend rights as currently outstanding Company shares. On December 29, 2021 the public deed ratifying the Increase by Offsetting was filed with the Barcelona Mercantile Registry. The newly issued shares were subsequently registered in the form of book entries on the accounting records maintained by Iberclear. In turn, on January 14, 2022 the shares issued in the Increase by Offsetting were incorporated into the BME Growth segment of BME MTF Equity and, in accordance with the exception set forth in rule 2.2.3.a) of Ciruclar 2/2020.

Additionally, at the extraordinary general meeting held on that same date, the shareholders of the Parent Company, pursuant to point two of the agenda and in conformity with articles 297.1(b) and 506 of the consolidated text of the Spanish Corporate Enterprises Act, passed through Royal Decree Law 1/2020 of July 2, authorized the board of directors to increase share capital without prior consultation with the shareholders once or several times at any time, for a period of five years as from the date the aforementioned extraordinary general meeting was held, for the amount corresponding to half of share capital at the time of the authorization and with the power to waive pre-emptive subscription rights, through the issuance of new ordinary shares or any other type of shares in accordance with applicable legal requirements and up to an aggregate nominal amount equal to 20% of share capital at the date of authorization.

On December 10, 2021 the 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 Company's board of directors resolved to carry out the capital increase by issuing and putting into circulation 543,084 ordinary 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 is carried out by the issuance and putting into circulation of 485,155 new ordinary 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 the capital increase, the Company's share capital at June 30, 2022 amounts to 656,661.57 euros, has been fully subscribed and paid in, and consists of 21,888,719 ordinary shares with a nominal value of 0.03 euros each, of a single **class and series**.

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

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

	06.30.2022	*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 June 30, 2022 the legal reserve is funded by 18.80%.

c) Reserves and share premium

Additionally, the breakdown of consolidated reserves is as follows:

	06.30.2022		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		(5,761,392)		(3,010,210)
CL. ITALIA, SRL		(11,644)		(23,302)
CL. FRANCE, SARL		(24,743)		(24,743)
HOLALUZ GENERACIÓN, SL		(2,744)		(1,476)
HL ROOFTOP REVOLUTION, SL		33,854		(219)
CL. GENERAC., SL		(1,161)		(461)
KATAE ENERGÍA, SL		(142,617)		(2,423)
CLIDOM ENERGÍA IBÉRICA, SL		-		-
TOTAL RESERVES	(7,111,230)	(7,050,153)	(2,284,146)	(3,485,063)

d) Transactions with treasury shares

Treasury shares at June 30, 2022 account for 0.18% of the Company's share capital (0.18% at December 31, 2021) and amount to 38,396 shares (38,396 shares at December 31, 2021), at an average acquisition price of 7.81 euros per share.

12. Provisions

At December 31, 2020 the Parent Company set aside a provision for all tax payments pending to be settled corresponding to municipal tax payments. The most part of it relates to the tax on economic activities.

As indicated in the note on the Regulatory Framework, Spain's 2021 General State Budget currently includes a caption (151.6) for the marketing of electrical energy activity. Consequently, since January a national tax charge is applied to levy this tax. The Parent Company is in the process of claiming the TEA payments made since 2016 to all the city councils to which the said amounts were paid. Consequently, it recorded a provision for amounts wrongly paid of 822 thousand euros at December 31, 2021. At the date these financial statements are authorized for issue, 164 thousand euros have been refunded.

The movements in provisions are as follows (there have been no movements in the period comprised between December 31, 2021 and June 31, 2022):

	Balance at 12.31.2020	Additions	Disposals	Balance at 12.31.2021
Provisions	211,573	-	(211,573)	-
TOTAL	211,573	-	(211,573)	-

13. 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	
	06.30.2022	12.31.2021	06.30.2022	12.31.2021
Financial liabilities at amortized cost	32,463,354	19,772,021	5,542	95,802
TOTAL	32,463,354	19,772,021	5,542	95,802

During the first 6 months of the year 2022 three loans have been taken out from Bankinter and Banco Santander for an overall amount of 1.4M euros and maturing in the short term. At the date these interim financial statements were authorized for issue the loans have already been repaid. A new ICO loan has also been taken out for an amount of 2M euros maturing in the long term, with a grace period until July 2023. During the first half of the year 2022 a higher amount of credit facilities have been drawn down because of the company's activity in a context of increased energy prices.

Additionally, 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 82 thousand euros corresponding to finance lease payables of the subsidiary Katae Energía, SL.

The breakdown of “Derivatives” is commented on in Note 15.

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

	Bank borrowings		Other items	
	06.30.2022	12.31.2021	06.30.2022	12.31.2021
Financial liabilities at amortized cost	27,225,435	26,302,058	13,793,615	10,657,950
TOTAL	27,225,435	26,302,058	13,793,615	10,657,950

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 13 a). Most of these borrowings at June 30, 2022 correspond to Cajamar, Bankinter and Banca March.

This heading also includes 9.9M euros corresponding to SEPA financing carried out at June 30 that at the date these financial statements are signed has been fully settled.

This heading also includes 14 thousand euros corresponding to finance lease payables of the subsidiary Katae Energía, SL.

The amount of 13,793,615 euros (10,657,950 euros at December 31, 2021) classified as “Other items” basically corresponds to short-term non-bank financing obtained to finance VAT accounts receivable amounting to 13,553,283 euros (4,613,601 euros at December 31, 2021); see note on the Regulatory Framework for the application of output VAT at 10% for almost the entire Parent Company’s customer portfolio, generating a payable balance by the tax authorities to the Parent Company amounting to 4,489 euros at June 30, 2022 (Note 17). At the date these explanatory notes are authorized for issue, the tax authorities have already paid 13.4M euros to the Parent Company, which it subsequently refunded to the funding entity.

The breakdown of “Derivatives” is commented on in Note 15.

a) Classification by maturity

The breakdown by maturity of bank loans, with fixed or determinable maturity, at June 30, 2022 and December 31, 2021, is as follows:

06.30.2022	2022	2023	2024	2025	2026	Subsequent years	TOTAL
Bank loans	3,322,850	4,091,914	5,037,738	4,609,873	2,372,041	571,719	20,006,135
TOTAL	3,322,850	4,091,914	5,037,738	4,609,873	2,372,041	571,719	20,006,135

12.31.2021	2022	2023	2024	2025	Subsequent years	TOTAL
Bank loans	3,551,363	3,563,332	4,037,943	4,094,580	2,943,760	18,190,979
TOTAL	3,551,363	3,563,332	4,037,943	4,094,580	2,943,760	18,190,979

b) Other information

The breakdown of the Parent Company’s bank borrowings is as follows:

06.30.2022			
	Limit (*)	Current	Non-current
Bank loans	22,725,000	3,245,216	16,595,665
Credit facilities	22,450,000	2,612,972	15,695,547
Factoring, reverse factoring and funded payments	12,120,000	11,230,413	-
Bills discounted	10,000,000	9,949,067	-
Credit cards	139,900	95,928	-
TOTAL	67,434,900	27,133,596	32,291,212

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

12.31.2021			
	Limit (*)	Current	Non-current
Bank loans	25,346,602	3,551,363	14,639,616
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, initial amount obtained.

In the period comprised between December 31, 2021 and June 30, 2022 the Parent Company has decreased the limit available on its net bank borrowings by 2.5M euros. Short-term financing has been extended with new factoring facilities and loans have been repaid. These amounts have been mainly used to fund the cash needs derived from the increase in the activity of the Group, and of the Company in particular. Of the 22,450 thousand euros of available limit on credit facilities at June 30, 2022, 19,700 thousand euros mature in the long term.

Additionally, the Parent Company has lines of security interests and guarantees that have been granted by several financial institutions for an overall amount of 15.5M euros and drawn down for an amount of 14.4M euro (19.3M 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 ranges between 1.5% and 4.1% for bank loans and an average of 1.8% for working capital facilities.

14. Trade and other payables

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

Financial liabilities at amortized cost	06.30.2022	12.31.2021
Suppliers	104,910,552	102,985,490
Other payables	33,612,260	17,187,370
Employee benefits payable	271,561	486,087
Current income tax liabilities	1,503,442	13,086
Other payables to public administrations (*)	1,013,252	876,926
Customer advances (**)	2,160,607	1,535,220
	143,471,674	123,084,179

(*) See Note 17

(**) The balance corresponds mainly 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 (SinSorpresas) and to the advance collection received in prior months that will be regularized in each annuity of the customer contract.

At June 30, 2022 the balances for invoices pending receipt corresponding to supplied electricity included under “Suppliers” amount to 63,148 thousand euros (38,985 thousand euros at December 31, 2021), of which 6,329 thousand euros correspond to invoices pending receipt from distributors (3,808 thousand euros at December 31, 2021).

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

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

	06.30.2022	12.31.2021
Average payment period to suppliers	34	23
Ratio of transactions paid	40	26
Ratio of transactions outstanding	14	8

	06.30.2022 (*)	12.31.2021
Total payments made	508,840,287	610,689,793
Total payments outstanding	126,820,442	115,075,885

(*) 6-month period

15. Hedging transactions using derivative financial instruments

The Parent Company uses derivatives to hedge the risks to which its activities, operations and projected cash flows are exposed. At June 30, 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 June 30, 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	SWBCCAL22	Investment entity	MWh	4,937,896	(8,969,378)
EEX Power hedge	SWBCQ3-22	Investment entity	MWh	-	(11,983,728)
EEX Power hedge	SWBCQ4-22	Investment entity	MWh	-	(5,696,127)
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	3,211,277	(489,757)
Over the counter	OTCJUL22	Investment entity	MWh	474,672	-
Over the counter	OTCAUG22	Investment entity	MWh	362,328	-
Over the counter	OTCQ3-22	Investment entity	MWh	694,925	(6,960,234)
Over the counter	OTCQ4-22	Investment entity	MWh	-	(10,255,945)
Over the counter	OTCOCT22	Investment entity	MWh	252,846	-
Over the counter	OTCNOV22	Investment entity	MWh	98,208	-
Over the counter	OTCDEC22	Investment entity	MWh	98,491	-
Over the counter	OTCCAL23	Investment entity	MWh	486,443	(8,419,805)
Over the counter	OTCQ1-23	Investment entity	MWh	6,477	(825,170)

Over the counter	OTCQ2-23	Investment entity	MWh	637,483	-
Over the counter	OTCQ3-23	Investment entity	MWh	209,177	-
Over the counter	OTCCAL24	Investment entity	MWh		(86,523)
Power Purchases Agreement	CAL20_26	Investment entity	MWh	7,778,370	-
Total				**19,248,593**	**(78,675,001)**
Net					**(59,426,408)**

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 the closing date of the interim consolidated financial statements at June 30, 2022 total -59,426 thousand euros (-54.416M euros at December 31, 2021) and have been recorded as follows:

Derivatives	06.30.2022	12.31.2021
NC derivative assets	6,008,169	2,477,077
C derivative assets	75,764,380	103,528,159
NC derivative liabilities	(34,571,071)	(27,932,010)
C derivative liabilities	(44,103,930)	(67,809,619)
TOTAL	3,097,548	10,263,607

Additionally, at June 30, 2022 the Company's cash account includes -62.524M euros corresponding to hedging instruments settled before maturity (-64.679M euros at December 31, 2021). During 2022 there has been a cash outflow of 6,072 thousand euros corresponding to margin calls.

The amounts recognized during the first 6 months of the years 2022 and 2021 in the Parent Company's equity and income statement related to the hedging transactions above are as follows:

	06.30.2022	06.30.2021
Amount recognized in equity - Profit / (loss)	(44,569,806)	896,223
Amount recorded directly in income statement - Profit / (loss)	(9,298,023)	6,538,735
Total	**(53,867,829)**	7,434,958

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

16. Nature and extent of risks arising from financial instruments

Qualitative information

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

a) Credit risk

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

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

	06.30.2022	12.31.2021
Not due	51,487,176	32,682,567
Past due, not impaired		
Less than 30 days	9,726,816	5,874,620
30 – 60 days	1,895,223	429,445
More than 60 days	11,330,357	9,499,129
	74,439,572	48,485,760
Doubtful receivables	11,164,373	6,158,314
Impairment losses	(11,164,373)	(6,158,314)
Total	74,439,572	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 13b).

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

17. Taxes

The breakdown of this heading in the interim consolidated financial statements at June 30, 2022 and December 31, 2021 is as follows:

	06.30.2022			
	Debit balances		Credit balances	
Item	Non-current	Current	Non-current	Current
Value Added Tax	-	15,460,118	-	-
Canary Islands general indirect tax	-	104,737	-	-
Current income tax assets	-	36,241	-	-
Deferred tax assets	22,353,136	-	-	-
Deferred tax liabilities	-	-	-	-
Current income tax liabilities	-	-	-	1,503,442
Electricity tax	-	-	-	19,821
Gas tax	-	-	-	30,753
Personal income tax	-	-	-	385,250
Social security agencies	-	-	-	577,968
Income tax payable to tax authorities	-	-	-	-
Receivable from tax authorities related to grants	-	1,330	-	-
	22,353,136	15,602,425	-	2,516,694

	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 June 30, 2022 VAT receivable is due to the modification of output VAT, which has been reduced from 21% to 10% due to the measures implemented by the Government (see note Regulatory Framework) to deal with the crisis in energy prices. At the date these explanatory notes were signed, the tax authorities had refunded 13.9M euros to the company (12.3M euros correspond to the Parent Company and the rest to the subsidiaries) of the amount outstanding at June 30, 2022.

The reconciliation of consolidated profit/(loss) before tax corresponding to the interim consolidated financial statements at June 30, 2022 is as follows:

	06.30.2022		06.30.2021	
	Tax accrued	**Tax payable**	**Tax accrued**	**Tax payable**
Profit/(loss) before income tax	6,865,347	6,865,347	(4,480,501)	(4,480,501)
Adjustments to profit/(loss)	(655,585)	(655,585)		
Permanent differences	(1,015,799)	(1,015,799)	152,308	152,308
Temporary differences	-	-		
Preliminary taxable income	**5,193,963**	**5,193,963**	**(4,328,193)**	**(4,328,193)**
Tax result	5,193,963	5,193,963	(4,328,193)	(4,328,193)
Total tax liability (25% of tax result)	1,298,491	1,298,491	(735,980)	(735,980)
Adjustment tax rate foreign subsidiaries	60,929	60,929	-	-
Deferred tax	-	831,585		
Other items	(3,071)	20,518	-	-
Net tax payable	**1,356,349**	**2,211,523**	**-**	**-**
Withholdings and payments on account	-	(458,081)	-	-
Utilization of tax loss carryforwards	-	(250,000)		
Income tax expense / Income tax payable	**1,356,349**	**1,503,442**	**(735,980)**	**-**

Deferred tax assets recorded

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

	06.30.2022		12.31.2021	
Item	Amount	Maturity	Amount	Maturity
Tax credits related to unused tax loss carryforwards	6,512,235	-	4,314,696	-
Arisen in 2016 and prior years	508,614		508,615	
Arisen in 2017	-		59,158	
Arisen in 2018	288,018		288,068	
Arisen in 2019	528,504		528,509	
Arisen in 2020	-		128,290	
Arisen in 2021	2,750,195		2,802,056	
Arisen in 2022	2,436,905		-	
Unused deductions:				
2014 deduction for investment profit	-	-	29,604	2029

2013 deduction for IT	-	-	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	-	2036	282,991	2036
2019-20 deduction for IT	-	2034	384,843	2034
4Q 2020 deduction for IT	-	2038	100,332	2038
2021 deduction for IT	1,030,373	2039	1,066,153	2039
2022 deduction for IT	139,289	2074	-	2040
2014-15 deduction for donation	-	2024	729	2024
2015-16 deduction for donation	-	2025	1,925	2025
2016-17 deduction for donation	-	2026	2,275	2026
2018-19 deduction for donation	-	2028	4,350	2028
2021 deduction for donation	-	2031	24,815	2031
2022 deduction for donation	(3,771)	2032	-	2032
Adjustment for derivatives	14,856,602	-	13,604,035	-
Temporary differences				
2013-19 Amortization (25%)	408	2025-33	408	2025-33
Total	22,535,136		20,160,349	

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.

The deferred tax assets have been recognized in the balance sheet due to the Parent Company's Directors' belief, based on the best estimate of future profits, that it is expected that these assets will be recovered by the Parent Company and also by the subsidiaries Clidom Solar, SL and Clidomer Unipessoal LDA.

The Company estimated the taxable profits which it expects to obtain over the next five fiscal years (period for which it considers the estimates to be reliable) based on budgeted projections. It also analyzed the reversal period of taxable temporary differences, identifying those that reverse in the years in which unused tax loss carryforwards may be used. Based on this analysis, the Company has recognized deferred tax assets for unused tax loss carryforwards as well as deductible temporary differences for which it is considered probable that sufficient taxable profit will be generated in the future against which they can be utilized.

Years open to inspection and tax inspections

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by tax authorities or until the four-year inspection period has expired. At June 30, 2022, the Parent Company is open to inspection for the income tax for 2016 and subsequent years and for all other applicable taxes for 2016 and subsequent years. The Parent Company's Directors consider that all applicable taxes have been duly paid so that even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the treatment applied, the resulting potential tax liabilities, in the event that they materialize as a result of a tax inspection, would not have a material impact on the interim consolidated financial statements at June 30, 2022.

18. Income and expenses

a) Turnover

The distribution of revenue by activity category is as follows:

Activities	06.30.2022	06.30.2021
Marketing of electricity	252,388,456	103,140,292
Marketing of gas	31,986,156	10,038,103
Representation of electricity	268,150,762	71,196,080
Solar segment sales	10,078,291	2,384,781
Total	562,603,665	186,759,256

Revenue has been entirely generated in Spain, except for 12.69M euros (6.11M euros at June 30, 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.

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

b) Cost of sales

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

Net purchases	*06.30.2022*	*06.30.2021*
Purchases of electricity from the market	219,092,815	85,478,581
Purchases of gas from the market	15,709,997	8,239,422
Purchases of electricity for representation	275,419,926	71,399,534
Costs of financial derivatives	(4,978,600)	1,539,048
Purchase of equipment for solar segment sales	9,503,899	1,955,033
Change in inventory	(2,833,955)	-
Total	511,914,082	168,611,624

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 interim consolidated financial statements at June 30, 2022 and 2021 is as follows:

Employee benefits expense	*06.30.2022*	*06.30.2021*
Wages and salaries	9,515,961	4,458,462
Social Security paid by the company	2,734,654	1,391,301
Termination benefits	7,467	-
Total	12,258,082	5,849,763

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

d) External services

The breakdown of this heading in the interim consolidated financial statements at June 30, 2022 and 2021 is as follows:

External services	*06.30.2022*	*06.30.2021*
Leases (*)	645,771	245,585
Repairs and maintenance	715,610	568,185
Independent professional services	8,516,068	5,578,509
Transportation services	-	-
Insurance premiums	325,053	177,893
Bank services	748,756	327,934
Publicity, advertising and public relations	13,420,158	6,579,102
Utilities	1,095,075	479,238
Other services	2,070,764	781,958
Total	27,537,255	14,738,404

(*) note 7.1 (leases)

e) Depreciation and amortization

The breakdown of this heading in the interim consolidated financial statements at June 30, 2022 and 2021 is as follows:

	06.30.2022	06.30.2021
Property, plant and equipment	130,364	75,036
Intangible assets	2,592,468	1,700,499
Total	2,722,832	1,775,535

f) Other gains/(losses)

The breakdown of this heading in the interim consolidated financial statements at June 30, 2022 and 2021 is as follows:

	06.30.2022	06.30.2021
Non-recurring expenses	225,381	240,610
(Non-recurring income)	(236,674)	(99,022)
Total	(11,293)	141,588

Other gains/(losses) basically include penalties and fines.

g) Finance costs

The breakdown of this heading in the interim consolidated financial statements at June 30, 2022 and 2021 is as follows:

	06.30.2022	06.30.2021
Interest on payables	381,521	150,039
Interest on discounted bills at other financial institutions	114,077	3,232
Other finance costs	164,826	87,043
Total	660,424	267,981

b) 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 interim consolidated financial statements at June 30, 2022 and 2021 is as follows:

06.30.2022	Marketing (electricity & gas)	Representation (electricity)	Subtotal Energy Management	Solar	TOTAL
Revenue	284,374,612	268,150,763	552,525,375	10,078,290	562,603,665
Change in inventory	-	-	0	2,833,955	2,833,955
Work performed and capitalized	2,064,078	-	2,064,078	1,033,442	3,097,520
Cost of sales	-229,824,212	-275,419,926	-505,244,138	-9,503,899	-514,748,037
Employee benefits expense	-6,079,175	-	-6,079,175	-6,178,907	-12,258,082
Other operating income and expenses	-27,013,746	-28,516	-27,042,262	-4,248,874	-31,291,136
Other gains and losses	-129,647	141,486	11,839	-546	11,293
Depreciation and amortization	-2,647,663	-	-2,647,663	-75,169	-2,722,832
OPERATING PROFIT/(LOSS)	20,744,247	-7,156,193	13,588,054	-6,061,708	7,526,346
FINANCE RESULT	-666,729	-4,120	-670,849	9,850	-660,999
PROFIT/(LOSS) BEFORE TAX	20,077,518	-7,160,313	12,917,205	-6,051,858	6,865,347
Segment assets	251,470,919	32,021,805	283,492,724	25,658,356	309,151,080
Segment liabilities	251,470,919	32,021,805	283,492,724	25,658,356	309,151,080

06.30.2021	Marketing (electricity & gas)	Representation (electricity)	Subtotal Energy Management	Solar	TOTAL
Revenue	113,178,395	71,196,080	184,374,475	2,384,781	186,759,256
Work performed and capitalized	2,042,652	-	2,042,652	-	2,042,652
Cost of sales	-95,257,057	-71,399,534	-166,656,591	-1,955,033	-168,611,624
Employee benefits expense	-5,849,763	-	-5,849,763	-	-5,849,763
Other operating income and expenses	-14,650,913	-18,691	-14,669,604	-1,971,038	-16,640,642
Other gains and losses	-135,057	-4,148	-139,205	-2,383	-141,588
Depreciation and amortization	-1,770,158	-	-1,770,158	-5,377	-1,775,535
OPERATING PROFIT/(LOSS)	-2,441,901	-226,293	-2,668,194	-1,549,050	-4,217,244
FINANCE RESULT	-263,255	-	-263,255	-2	-263,257
PROFIT/(LOSS) BEFORE TAX	-2,705,156	-226,293	-2,931,449	-1,549,052	-4,480,501
Segment assets	126,403,519	28,422,297	154,825,816	4,518,443	159,344,259
Segment liabilities	126,403,519	28,422,297	154,825,816	4,518,443	159,344,259

19. Information on environmental issues

The Group's activity and fixed assets do not fall within the scope of application of the European regulations on CO_2 emissions. Thus, the Company has no provisions for environmental risks and expenses since it considers that no risks exist for this matter.

Consequently, there have been no environmental investments during the period comprised between December 31, 2021 and June 30, 2022.

20. Related-party transactions

Group transactions with related parties from December 31, 2021 to June 30, 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 June 31, 2022 amounts to 457 thousand euros (322 thousand euros for the period comprised between December 31, 2020 and June 30, 2021). Senior executive duties are carried out by the members of the Parent Company's Board of Directors.

At June 30, 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 June 30, 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 June 30, 2022 director liability insurance premiums for damages arising in the performance of the Directors' duties have been paid for an amount of 17 thousand euros (23.7 thousand euros at June 30, 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 June 30, 2022 and at the closing date of the interim consolidated financial statements (June 30, 2022) by categories, and the breakdown of headcount by gender, are as follows:

June 30, 2022				
		Headcount		
Professional Category	Number of employees	Men	Women	Disabled employees >33%
Management team	18	10	8	-
Middle management	78	55	23	1
Support personnel	93	54	39	1
Technicians	405	229	176	3
Total	594	348	246	5

December 31, 2021				
		Headcount		
Professional Category	Number of employees	Men	Women	Disabled employees >33%
Management team	18	10	8	-
Middle management	114	69	45	1
Support personnel	70	28	42	2
Technicians	152	87	65	1
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 Group's auditors for the limited review of the financial statements at June 30, 2022 amount to 25 thousand euros (20 thousand euros for the audit of the interim separate and consolidated financial statements at June 31, 2021).

21. Subsequent events

Last Monday October 3, the Company informed BME Growth and its customers that it would be discontinuing the marketing of gas, an activity that started in November 2015 as a supplementary service for electricity customers -connected to 100% green energy- and that was a non-strategic line of business for the Company.

The reasons that led the Company to make this decision were:

1. The crisis of the current energy system: fossil fuels are responsible for most of the climate emergency and gas prices have skyrocketed due to the war. This crash in the energy system causes financial and economic frictions and many families will struggle next winter to pay their gas bills.

2. In this context, the Spanish Government is offering a gas tariff below market prices (Last Resort Tariff-LRT) that is accessible to almost all customers. The Company has decided to direct its customers to the regulated tariff, the price of which is set by the Government. This will allow their needs to be met in the best existing conditions.

3. Lastly, and most importantly, Holaluz offers a structural solution for the entire energy system: The Rooftop Revolution. By transforming every rooftop square meter into green energy, every building into a new green power station -not only for the family living below, the system will be able to supply green energy for everyone during the coming decades at a fraction of the current price.

Discontinuing the marketing of gas brings Holaluz closer to its foundational purpose and positions it as a top player in the solar industry. Additionally, it speeds up the impact goals set in its ESG policy. This decision will result in a dramatic reduction of the carbon footprint and accelerates Holaluz’s commitment to decarbonization and the Paris Agreement goals.

Holaluz estimates that the end of the marketing of gas will have a negative impact on EBITDA[1] in 2022 of approximately 3.9 million euros. A negative impact of 6 million is expected in 2023 compared with the objectives published in April 2022. However, it is very probable that the rise in the price of gas has also resulted in higher default payments than expected.

A positive impact is also expected on the Company's working capital[2] of between 2 and 15 million euros, depending on seasonality. The funds released as a result of this decision will be redistributed to the solar business.

The number of current contracts with gas customers amounts to approximately 70,000 contracts. A non-monetary write-down of between 4.5 and 5 million euros regarding capitalized customer acquisition costs is expected.

[1] We define EBITDA as operating profit/(loss), plus depreciation and amortization, plus other gains/(losses), plus accruals of customer acquisition cost.

[2] We define working capital as current assets less short-term accruals less current liabilities.

AUTHORIZATION FOR ISSUE BY THE PARENT COMPANY'S MANAGEMENT BODY OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Pursuant to prevailing legislation, the interim consolidated financial statements for the period comprised between December 31, 2021 and June 30, 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 interim consolidated financial statements, which have been drawn up from page 1 to page 54.

Barcelona, October 18, 2022

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Ms. Carlota Pi Amorós
Chair

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Mr. Ferran Nogué Collgròs

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Mr. Oriol Vila Grifoll

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

____
Ms. Isabela Pérez Nivela

____
Mr. Enrique Tellado Nogueira

____
Geroa Pensioak
Represented by
Ms. Virginia Oregi Navarrete