# Report on Consolidated Annual Results as of 30 September 2019

- **The financial results as of 30 September 2019 place the green energy technology company in a privileged position to face its new stage as a listed company.**

  **Holaluz grew by 42% in new customers to 212,862 green energy customers as of 30 September 2019. In the area of self-consumption, it increased the number of customers by a factor of 10, from 47 to 498 facilities by 30 September 2019.**

- **During the year, two subsidiaries significantly increased their activity, so the Company has decided to present consolidated financial statements for the first time.**

- **The company closed on 30 September 2019 with consolidated sales of 208.8 million euros, representing an annual increase in sales of 39.0%. Consolidated EBITDA grew to 2.6 million euros, which is a 100% increase over the previous year.**

- **The green energy technology company, which has been listed on the MAB since last November, has contributed to saving 417,281 tons of $CO_2$ equivalent by not producing any plastic bags in 13 years.**

## Main milestones in 2019 (September 2018 to September 2019)

During 2019, Holaluz gained a total of 63,669 new net customers, reaching 212,862 customers by September 2019. In addition, 451 new self-consumption facilities were installed, bringing the total to 498.

During the year, all the necessary work was performed to obtain the quotation in the MAB. These tasks included the change of the legal name and the change to a corporation, from Clidom Energy, S.L. to Holaluz-Clidom, S.A.

In July, the capital increase agreement for the amount of 10 million euros was closed with Geroa Pentsioak, E.P.S.V. de Empleo, and Ms. Virginia Oregui Navarrete became a member of the Board of Directors. Finally, on 29 November, the quotation of Holaluz's MAB began, after a capital increase of 30 million euros in the market.

At the end of the year, due to the strong demand for prosumers facilities, Holaluz granted a participation loan of 1.5 million euros to Clidom solar to boost growth. At the same time, another participation loan of EUR 0.3 million was granted to the Portuguese subsidiary, Clidomer Portugal, S.L. At the end of the year, Holaluz decided to present consolidated accounts for the first time since the volume of activity of these subsidiaries falls under the concept of materiality, with the aim of presenting the full scope of activity to the market.

## Operational Data (KPIs):

| Year | **2019** | **2018** |
|---|---|---|
| Net turnover (millions of euros) | 208.8 | 150.2 |
| Gross Margin (Millions of euros) | 16.3 | 9.9 |
| Operating Costs (Millions of euros) | -13.6 | -8.0 |
| EBITDA (Millions of euros) | 2.6 | 1.3 |
| EBITDA margin on sales (%) | 1.2% | 0.8% |
| Number of CUPS | 212,862 | 149,193 |
| Prosumers Facilities | 498 | 47 |

## Analysis of the Consolidated Financial Statements for September 2019

Analysis of changes in the main items of the Income Statement and the Balance Sheet:

### Profit Statement

In 2019, sales reached 208.8 million euros, an increase of 39 percent over the previous year's sales of 150.2 million euros (individual sales are used for comparison purposes). Supplies reached 192.4 million, an increase of 37% over the 140.3 million of the previous year. Staff costs reached 8.1 million, up 21% from 6.7 million the previous year. Other operating expenses amounted to 7.9 million, up 54% from 5.1 million the previous year. This was mainly due to the increase in the investment in brands.

The Operating Result reaches the figure of -0.1 million euros

Profit before Tax reached -0.8 million, down 1.0 million from the previous year.

After-tax profits reached -0.6 million

### Balance

Total assets rose 54% in the year to 64.0 million euros, compared to 41.4 million euros in the previous year, mainly due to the increase in the Company's commercial activity.

Assets

Non-current assets rise to 20.4 million euros. Intangible assets increase to 13.2 million euros with an increase of 43% over the 9.2 million euros of the previous year. Long-term financial investments increase to 4.7 million euros, mainly due to the recognition of derivatives to cover long-term electricity purchases.

Current assets rise to 43.5 million euros, an increase of 46% over the previous year's 29.7 million euros, mainly due to increased commercial activity. Thus, trade debtors and other assets receivable amounted to 28.8 million euros, compared with 18.7 million euros in the previous year. The other item that reflects a significant change is Cash and cash equivalents which amounts to 7.2 million euros, an increase of 89% out of the previous year's 3.8 million euros. This item mainly reflects the cash inflow due to the capital increase of Geroa Pentsioak, E.P.S.V. de Empleo in the month of July.

Liabilities

Net worth rose to 15.8 million euros, 88% more than the 8.4 million euros of the previous year. This increase mainly includes the capital increase made with Geroa Pentsioak, E.P.S.V. de Empleo in the month of July. Under the heading of Equity, the other item that changed, the Adjustments for changes in value of the derivatives decrease to 3.5 million euros, out of 5.1 million euros. There are no significant changes in Non-Current Liabilities. On the Current Liabilities side, short-term debts increase to 15.8 million euros, up from 10.1 million euros in the previous year. On the other hand, the item of debts for derivatives with an amount of 1.8 million. Within Commercial Creditors and Other Payables, Suppliers increased to 13.3 million euros, up from 9.6 million euros the previous year. Miscellaneous creditors increased to 12.0 million euros up from 8.2 million euros the previous year. Debts with public authorities increased to 1.7 million euros, up from 0.7 million the previous year. For their part, Advances from customers rose to 2.3 million euros with an increase over the previous year's 1.5 million euros.

**About Holaluz**

Holaluz's goal is to achieve a world that functions 100% thanks to green energy. This is a purpose that the company brings to life by connecting people to green energy, offering 100% renewable energy, fair prices that become average savings of 12% thanks to the intensive use of technology and putting the customer at the center, establishing a relationship of mutual trust.

Created with the conviction that a company can be a tool to change the world, Holaluz is leading the transformation of the Spanish energy sector with a clear commitment to distributed generation as a new model and a differential offer in the field of self-consumption, being leaders not only in numbers, but in product and service innovation. Holaluz has been the first electricity company in the Spanish market to move toward simplified compensation by launching Holaluz Cloud, a system that allows surplus energy, i.e. energy produced by customers' solar panels that cannot be consumed at the moment, to be deducted from the electricity bill.

The company expects to reach one million customers and 50,000 PV installations by the end of 2023. Holaluz obtained a revenue of 208.81 million euros, an EBITDA of 2.61 million euros and has a team of 188 people, all as of 30 September 2019.

Within its strategy, Holaluz proposes a business model in which people can develop in a holistic manner. This means providing all the tools so that people can have flexibility and autonomy to develop their responsibilities, as well as to be able to combine them with their personal life. Examples of this are goal-oriented work and flexible hours. All this has contributed to making Holaluz a practically equal company, at all levels of decision making and in all teams. A situation that the company is proud of and that has been generated in a totally organic way. There is only one team in which it has been, and still is, necessary to apply quotas, which is the Technology team, where the company has placed its focus to become a 100% parity.

All this has made Holaluz the first European electricity company to receive B Corp certification, a seal that encompasses more than 2,400 companies in 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 they serve and on the environment. Likewise, Holaluz is the founder of Conscious Capitalism in Spain, a philosophy that recognizes the innate potential of business to have a positive impact on the world.

*Calculations made by Holaluz from European Commission Climate Action data. **One person in Spain uses on average 180 plastic bags per year, the manufacture of which emits 4 grams of $CO_2$ per bag.

**Barcelona, 28 January 2020**

Audit Report on Consolidated Financial Statements
issued by an Independent Auditor

HOLALUZ-CLIDOM, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
September 30, 2019

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

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

## Opinion

We have audited the consolidated financial statements of Holaluz-Clidom, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at September 30, 2019, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and consolidated financial position of the Group as at September 30, 2019 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying consolidated financial statements) and, specifically, the accounting principles and criteria contained therein.

## Basis for opinion

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

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

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

## Most relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

### Revenue recognition

| | |
|---|---|
| Description | Income from electric power supply recorded under the 'Revenue' caption includes, as indicated in Note 4.L) to the consolidated financial statements, an estimate of unbilled energy since the billing period does not coincide with the balance sheet date. The Group estimates revenue from electricity supplied not yet billed based on estimated consumption according to historical data and assumptions on consumption patterns. Consequently, we have considered this area a relevant audit issue. |
| Our response | Our audit procedures consisted, among others, in:<br>▶ Analyzing the design, implementation and operational efficiency of the key controls related to the calculation of revenue estimates;<br>▶ Verifying the reasonableness of the volume of unbilled energy by analyzing historical information and other external information obtained;<br>▶ Verifying the tariffs applied in the contract databases;<br>▶ Performing substantive analytical procedures consisting in a review of power supply revenue, monthly margins and energy purchase. |

## Other information: Consolidated management report

Other information refers exclusively to the 2019 consolidated management report, the preparation of which is the responsibility of the Parent Company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. In conformity with prevailing audit regulations in Spain, our responsibility in terms of the consolidated management report is to assess and report on the consistency of the consolidated management report with the consolidated financial statements based on the knowledge of the Group we obtained while auditing the financial statements, and not including any information not obtained as evidence during the course of the audit. In addition, our responsibility is to assess and report on whether the content and presentation of the consolidated management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described in the above paragraph, the information contained in the consolidated management report is consistent with that provided in the 2019 consolidated financial statements and their content and presentation are in accordance with applicable regulations.

## Responsibilities of the Parent Company's directors for the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

From the significant risks communicated to the Parent Company's directors, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

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

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

January 22, 2020

# HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Consolidated Financial Statements and Consolidated Management Report
for the year ended September 30, 2019

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

## CONTENTS

FINANCIAL STATEMENTS

- Consolidated Balance Sheet at September 30, 2019
- Consolidated Income statement for the year ended September 30, 2019
- Consolidated Statement of Changes in Equity for the year ended September 30, 2019
- Consolidated Cash flow Statement for the year ended September 30, 2019
- Notes to the Consolidated Financial Statements for the year ended September 30, 2019

CONSOLIDATED MANAGEMENT REPORT

# HOLALUZ - CLIDOM, S.A. and SUBSIDIARIES
## Consolidated Balance Sheet for the year ended September 30, 2019

| ASSETS | NOTE | Sep. 30, 2019 |
|---|---|---|
| **NON-CURRENT ASSETS** | | **20,480,342** |
| **Intangible assets** | **5** | **13,250,712** |
| Patents, licenses, trademarks et al. | | 4,194 |
| Software | | 6,956,435 |
| Other intangible assets | | 6,290,083 |
| **Property, plant, and equipment** | **6** | **833,610** |
| Land and buildings | | 426,140 |
| Property, plant and equipment under construction | | 188,771 |
| Technical installations, machinery and other PP&E items | | 218,699 |
| **Financial investments** | **8** | **4,712,730** |
| Derivatives | 15 | 4,310,930 |
| Other financial assets | | 401,800 |
| **Deferred tax assets** | **17** | **1,683,290** |
| **CURRENT ASSETS** | | **43,565,745** |
| **Inventories** | | **38,365** |
| Commercial inventories | | 34,402 |
| Prepayments to suppliers | | 3,963 |
| **Trade and other receivables** | **9** | **28,871,514** |
| Trade receivables | | 27,935,003 |
| Other receivables | | 3,172 |
| Receivables from employees | | 1,658 |
| Current income tax assets | **17** | 1,810 |
| Other receivables from Public Administrations | **17** | 929,869 |
| **Financial investments** | | **6,040,807** |
| Derivatives | **8, 15** | 3,856,917 |
| Other financial assets | **8** | 2,183,890 |
| **Accruals** | 8 | **1,195,237** |
| **Cash and cash equivalents** | **10** | **7,419,822** |
| Cash | | 7,419,822 |
| **TOTAL ASSETS** | | **64,046,087** |

# HOLALUZ - CLIDOM, S.A. and SUBSIDIARIES
## Consolidated Balance Sheet for the year ended September 30, 2019

| EQUITY AND LIABILITIES | NOTE | Sep. 30, 2019 |
|---|---|---|
| **EQUITY** | | **15,857,887** |
| **Capital and reserves** | **11** | **12,374,276** |
| **Share capital** | | **506,771** |
| Issued capital | | 506,771 |
| **Share premium** | | **13,846,548** |
| **Reserves** | | **(1,031,096)** |
| Legal and statutory reserves | | 91,219 |
| Other reserves | | (1,122,315) |
| **Profit/(loss) for the year** | | **(635,481)** |
| **Negative consolidation reserve** | | **(312,466)** |
| **Valuation adjustments** | | **3,483,611** |
| Hedging transactions | **15** | 3,483,611 |
| **NON-CURRENT LIABILITIES** | | **2,081,442** |
| **Payables** | **13** | **920,238** |
| Bank borrowings | | 236,118 |
| Derivatives | 15 | 684,120 |
| **Deferred tax liabilities** | **17** | **1,161,204** |
| **CURRENT LIABILITIES** | | **46,106,758** |
| **Provisions** | **12** | **145,846** |
| **Payables** | **13** | **15,833,138** |
| Bank borrowings | | 13,909,775 |
| Other financial liabilities | | 55,702 |
| Derivatives | 15 | 1,867,661 |
| **Trade and other payables** | | **29,534,508** |
| Suppliers | **14** | 13,308,835 |
| Other payables | **14** | 12,007,381 |
| Employee benefits payable | **14** | 275,022 |
| Other payables to Public Administrations | **14.17** | 1,676,197 |
| Customer advances | **14** | 2,267,073 |
| **Accruals** | | **593,266** |
| **TOTAL EQUITY AND LIABILITIES** | | **64,046,087** |

# HOLALUZ - CLIDOM, S.A. and SUBSIDIARIES
## Consolidated Income Statement for the year ended September 30, 2019

| | NOTES | Sep. 30, 2019 |
|---|---|---|
| **Revenue** | **18** | **208,818,249** |
| Sales | | 208,818,249 |
| **Work performed by the entity and capitalized** | **5.1** | **2,550,098** |
| **Cost of sales** | **18** | **(192,547,121)** |
| Consumption of goods. | | (192,547,121) |
| **Other operating income** | **18** | **21,099** |
| Grants related to income | | 21,099 |
| **Employee benefits expense** | **18** | **(8,129,231)** |
| Wages, salaries et al. | | (6,227,606) |
| Social security costs et al. | | (1,901,625) |
| **Other operating expenses** | | **(8,073,412)** |
| External services | **18** | (7,551,350) |
| Taxes | | (41,235) |
| Losses on, impairment of and change in trade provisions | **9** | (480,181) |
| Other current management expenses | | (646) |
| **Depreciation and amortization** | **5,6,18** | **(2,597,710)** |
| **Impairment losses and gains (losses) on disposal of non-current assets** | **6** | **(95,243)** |
| **Other gains and losses** | **18** | **(53,090)** |
| Non-recurring expenses | | (154,352) |
| Non-recurring income | | 101,262 |
| **OPERATING PROFIT/(LOSS)** | | **(106,361)** |
| **Finance income** | | **1,807** |
| From marketable securities and other financial instruments | | 1,807 |
| **Finance costs** | | **(696,853)** |
| Third-party borrowings | **18** | (696,853) |
| **Change in fair value of financial instruments** | | **750** |
| Trading portfolio and other securities. | | 750 |
| **Exchange gains (losses)** | | **(292)** |
| **FINANCE COST** | | **(694,588)** |
| **PROFIT/(LOSS) BEFORE TAX** | **17** | **(800,949)** |
| **Income tax** | **17** | **165,468** |
| **PROFIT/(LOSS) FOR THE YEAR** | **3** | **(635,481)** |

# HOLALUZ - CLIDOM, S.A. and SUBSIDIARIES
## Consolidated Statement of Changes in Equity for the year ended September 30, 2019

| | Notes | 2018-19 |
|---|---|---|
| **PROFIT/(LOSS) FOR THE YEAR** | **3** | **(635,481)** |
| | | |
| **INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY** | | (3,599,081) |
| From cash flow hedges | | 899,770 |
| Tax effect | | |
| | | |
| **TOTAL INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY** | | **(2,699,311)** |
| | | |
| **AMOUNTS TRANSFERRED TO INCOME STATEMENT** | | |
| From cash flow hedges | | 1,502,521 |
| Tax effect | | (375,630) |
| **TOTAL AMOUNTS TRANSFERRED TO INCOME STATEMENT** | | **1,126,891** |
| | | |
| **TOTAL RECOGNIZED INCOME AND EXPENSES** | | **(2,207,901)** |

# HOLALUZ - CLIDOM, S.A. and SUBSIDIARIES
## Consolidated Statement of Changes in Equity for the year ended September 30, 2019

| | Issued capital (Note 11) | Share premium (Note 11) | Reserves (Note 11) | Retained earnings | Profit/(loss) for the year (Note 3) | Negative Consolidation Reserve (Note 11) | Valuation adjustments (Note 15) | TOTAL |
|---|---|---|---|---|---|---|---|---|
| **BALANCE AT OCTOBER 1, 2018** | **456,094** | **3,897,225** | **(1,415,718)** | **30** | **381,141** | **(312,466)** | **5,056,031** | **8,062,337** |
| Total recognized income and expenses | | | | | (635,481) | | (1,572,420) | (2,207,901) |
| Transactions with shareholders and owners | 50,677 | 9,949,323 | | | | | | 10,000,000 |
| *Capital increase* | 50,677 | 9,949,323 | | | | | | 10,000,000 |
| Distribution of prior-year profit/(loss) | | | 384,622 | (30) | (381,141) | | | 3,451 |
| **BALANCE AT SEPTEMBER 30, 2019** | **506,771** | **13,846,548** | **(1,031,096)** | **-** | **(635,481)** | **(312,466)** | **3,483,611** | **15,857,887** |

# HOLALUZ - CLIDOM, S.A. and SUBSIDIARIES
## Notes to the Consolidated Financial Statements for the year ended September 30, 2019

| | NOTE | Sep. 30, 2019 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | **612,639** |
| **Profit/(loss) before tax** | | **(800,949)** |
| **Adjustments to profit** | | **3,886,184** |
| Depreciation and amortization (+) | | 2,597,710 |
| Impairment losses (+/-) | | 480,181 |
| Changes in provisions (+/-) | | 18,004 |
| (Gains)/losses on derecognition and disposal of non-current assets (+/-) | | 95,243 |
| Finance income (+) | | (1,807) |
| Finance costs (-) | | 696,853 |
| **Change in working capital:** | | **(1,777,550)** |
| Inventories (+/-) | | (33,633) |
| Trade and other receivables (+/-) | | (10,330,719) |
| Other current assets (+/-) | | (638,376) |
| Trade and other payables (+/-) | | 8,631,912 |
| Other non-current assets and liabilities | | 593,266 |
| **Other cash flows from operating activities** | | **(695,046)** |
| Interest paid (-) | | (696,853) |
| Interest received (+) | | 1,807 |
| **CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES** | | **(10,322,241)** |
| **Payments on investments (-):** | | **(10,322,241)** |
| Intangible assets | **4** | (6,483,206) |
| Property, plant and equipment | **5** | (312,728) |
| Other financial assets | | (3,526,307) |
| **Proceeds from disposals (+):** | | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | **13,239,629** |
| **Proceeds from and payments on equity instruments** | | **10,000,000** |
| Issuance of equity instruments (+) | | 10,000,000 |
| **Proceeds from and payments on financial liabilities:** | | **3,239,629** |
| Issues: | | **4,301,624** |
| Bank borrowings (+) | | 4,301,624 |
| Repayment and redemption of: | | **(1,061,995)** |
| Bank borrowings (-) | | (1,061,995) |
| **NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS** | | 3,530,027 |
| Cash and cash equivalents at the beginning of the period | **11** | 3,889,795 |
| Cash and cash equivalents at the end of the period | **11** | 7,419,822 |

## 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 Group's activity 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.

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.

### 1.1. Subsidiaries

At September 30, 2019 the Parent Company holds a direct ownership interest in the following companies:

- Clidomer Unipessoal, LDA (wholly owned at September 30, 2019) 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 September 30, 2019) 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 notes to the consolidated financial statements at September 30, 2019 were prepared, the company is dormant.

- Clidom France, SARL (wholly owned at September 30, 2019) 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 notes to the consolidated financial statements at September 30, 2019 were prepared, the company is dormant.

- Orwell Power, SL (wholly owned at September 30, 2019) 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. At the date the notes to the consolidated financial statements at September 30, 2019 were prepared, the company is dormant.

- Clidom Solar, SL (wholly owned at September 30, 2019) 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 September 30, 2019) 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 notes to the consolidated financial statements at September 30, 2019 were prepared, the company is dormant.

## 2. Basis of presentation of the consolidated financial statements

The consolidated financial statements for the year ended September 30, 2019 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, which was modified in 2016 by Royal Decree 602/2016 of December 2, and are presented in accordance with Royal Decree 1159/2010 of September 17, approving the standards for the preparation of consolidated financial statements, and prevailing mercantile legislation.

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

As indicated in Note 22 to the consolidated financial statements, since November 2019, the Parent Company's shares have been quoted on the MAB (the Spanish Alternative Stock Market) on the Growth Company Segment.

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

The business year ends on September 30.

a) True and fair view

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

b) Consolidation principles

The consolidated financial statements have been prepared using the full consolidation method for all subsidiaries over which the Parent Company has control (Clidomer Unipessoal, LDA; Clidom France, SARL, Clidom Italia, SRL, Clidom Solar, SL, Orwell Power, SL and Clidom Generación, 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 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 September 30. Reciprocal balances in the balances sheet and the income statement, as well as significant unrealized margins, have been eliminated.

c) Comparison of information

The current year is the first year in which it is mandatory for the Group to present consolidated financial statements pursuant to prevailing legislation. Thus, the consolidated financial statements for the year ended September 30, 2019 are the first issued by the Parent Company. In this regard, October 1, 2018 has been considered to be the Group's date of first-time consolidation. Consequently, no comparative information is included herein.

c) Accounting principles

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

d) Critical issues concerning the assessment of uncertainty

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

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

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

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

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

- The estimated projections for assessing the recovery of tax credits related to deductions (Notes 4g and 17).

Although these estimates were made on the basis of the best information available at September 30, 2019, 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 has been considered.

f) Changes in accounting criteria

No significant changes have been made in the accounting criteria used in the preparation of the consolidated financial statements for the year ended September 30, 2019 from the criteria used in the preparation of the separate financial statements of the Parent Company.

g) Regulatory framework General overview

Electricity sector regulations in Spain are basically 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 transport, 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 supplier. As of July 1, 2009 consumers that meet certain characteristics may choose to contract the supply of electricity with a Supplier 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.

Access tariffs are the same throughout Spain and are collected by the suppliers and paid to the distributors and transporters.

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 transport, 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 main developments 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; lastly, 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. Additionally, 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), which drives 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.

- Several rules related to access tariffs and electricity and gas charges are currently in the process of being approved. They are pending approval by the CNMC and Spain's Ministry for Ecological Transition, respectively.

h) Consolidation methodology

Consolidation method

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

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

Elimination of internal transactions

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

3. Appropriation of profit/(loss)

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

| | |
|---|---|
| Proposed appropriation | |
| Profit and loss (profit) | **768,301** |
| | |
| Appropriation to: | |
| Legal reserve | 10,135 |
| Voluntary reserve | 758,166 |
| | **768,301** |

Limitations on the distribution of dividends

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

4. Recognition and measurement accounting policies

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

a) Intangible assets

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

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

a.1) Industrial property

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

a.2) Development costs

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

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

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

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

a.3) Software

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

Software programs that meet the recognition criteria are capitalized at their acquisition or production cost. They are amortized on a straight-line basis over a period of five 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.

a.4) Customer acquisition costs

The Group recognizes as an asset all costs incurred for obtaining a new contract with a customer only if the Group estimates that these costs will be recovered in the future.

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

These costs are amortized over a period of 8 years in accordance with the average life of the contracts that the Parent Company signs with its customers.

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:

| Item | Percentage applied |
|---|---|
| Technical installations | 10% |
| Furniture | 10% |
| Data processing equipment | 25% |
| Other items | 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

For measurement purposes, the Group's financial assets are classified as follows:

e.1.1) Loans and receivables

This caption corresponds to trade and non-trade receivables from the sale of goods, cash inflows and rendering of services with fixed or determinable payments not quoted on active markets.

They are initially measured at the fair value of the consideration given plus directly attributable transaction costs. Loans and receivables are subsequently measured at amortized cost, with accrued interest recorded in the income statement using the effective interest rate method.

However, receivables maturing within less than one year initially stated at nominal value will continue to be measured at nominal value unless they have become impaired.

For receivables whose estimated maturity date exceeds one year interest is recorded provided that the corresponding claim has been made and it is estimated that they will be recovered.

Impairment losses are recorded based on the difference between the carrying amount and the present value at year end of the estimated future cash flows discounted at the effective interest rates calculated at initial recognition. Impairment losses are recognized in the income statement.

e.1.2) Held-to-maturity investments

This category includes debt securities with fixed or determinable payments traded in an active market which the Company intends and is able to hold to maturity.

They are initially measured at the fair value of the consideration given plus directly attributable transaction costs. These investments are subsequent measured at amortized cost and interest accrued in the period are calculated using the effective interest rate method.

Impairment losses are recorded in the income statement and calculated based on the difference between the carrying amount and the present value at year end of the estimated future cash flows discounted at the effective interest rates determined at initial recognition.

e.1.3) Financial assets held for trading

This category includes the financial assets acquired for the purpose of being sold in the short term or which are part of a portfolio of identified financial instruments that the Company manages together and for which there is evidence of a recent pattern of short-term profit-taking, and derivative financial instruments that have been favorably measured for the Company provided that they are not financial guarantee contracts or have been designated as hedges.

They are initially recorded at the fair value of the consideration given. Directly attributable transaction costs are recognized in the income statement for the year. They are subsequently measured at fair value and any changes therein are directly recorded in the income statement.

e.2) Financial liabilities

- Recognition and measurement

*Debts and payables*

The Parent Company or a subsidiary recognize a financial liability in their balance sheet when they become party to the agreement or legal business in accordance with the related terms.

Debts and payables arising on the purchase of goods or services in the Company's trade operations are initially measured at the fair value of the consideration received, adjusted by directly attributable transaction costs.

Nevertheless, trade payables which mature within less than one year with no contractual interest rate are initially carried at the nominal value provided that the effect of not discounting cash flows is not significant.

Debts and payables are subsequently measured at amortized cost using the effective interest rate method. Those that are initially measured at nominal value as indicated above continue to be measured at nominal value.

*Financial liabilities held for trading*

This category includes financial liabilities issued with the intention of repurchasing them in the short term and derivative instruments that have not been designated as hedging instruments.

These financial liabilities are recognized and measured using the same criteria that apply to financial assets held for trading.

*Hedging derivatives*

Derivative financial instruments presenting a liability balance, that is, those that have been unfavorably measured for the company, are measured at fair value in the same manner as the financial liabilities held for trading outlined in the preceding section.

e.3) Deposits given and received

Deposits given in the short and long terms are measured at nominal value and cash flows are not discounted as the effect is not material.

Cancelation

The Group derecognizes a financial liability when the obligation under the liability is extinguished.

When debt instruments are exchanged with a lender, provided that their contractual terms are substantially different, the original financial liability is derecognized and the new financial liability is recognized. Similarly, any substantial modification of the terms of an existing financial liability is also recognized.

The difference between the carrying amount of the derecognized financial asset (or part of it) and the compensation paid, including any attributable transaction costs, which also includes any new asset transferred other than cash or liability assumed, is recognized in the income statement in the year to which it relates.

When debt instruments are exchanged whose contractual terms are not substantially different, the original financial liability is not derecognized, and the commissions paid are recognized as an adjustment to the carrying amount. The new amortized cost of a financial liability is determined by applying the effective interest rate, which equates the carrying amount of the financial liability on the modification date to the cash flows to be paid as per the new terms.

Accordingly, the contractual terms are considered to be substantially different when the same lender granted the original loan and the present value of the cash flows from the new financial liability, including net commissions, differs by at least 10% of the present value of the cash flows yet to be paid on the original financial liability, when the effective interest rate of the original liability has been applied to both.

f) Hedge accounting

The Group 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 Parent Company and its subsidiaries adequately document their hedges, including how they intend to achieve and measure their effectiveness under their current risk management policies.

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 September 30, 2019, the Parent Company’s hedging strategy includes PPAs with producers of renewable plants at a fixed price for a period of 7 years.

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.

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

Credit balances covering present obligations arising from past events, the settlement of which is likely to cause an outflow of resources, but which are uncertain as to their amount and/or time of settlement.

j.2) Contingent liabilities

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

The consolidated financial statements for the year ended September 30, 2019 include all provisions in respect of which the Group considers more likely than not that the related obligation will have to be settled. Provisions are measured at the present value of the best possible estimate of the amount needed to cancel or transfer the obligation to a third party. Contingent liabilities are not recognized in the interim balance sheet but disclosed in the explanatory notes.

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

Income and expenses are recorded according to the accruals principle, that is, at the moment the goods or services represented by them take place, regardless of when actual payment or collection occurs. Income is measured at the fair value of the consideration received, less discounts and taxes.

Income from the sale of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the good sold, and retains neither continuing managerial involvement nor effective control over the goods sold.

Income from electric power supply recorded under the 'Revenue' caption includes an estimate of unbilled energy since the billing period does not coincide with the balance sheet date. This income is quantified based on estimated consumption according to historical data and assumptions on consumption patterns.

Income from the rendering of services is recognized by reference to the stage of completion of the transaction at the balance sheet date, provided that the outcome of the transaction can be estimated reliably.

m) Termination benefits

Under prevailing labor legislation, the Company 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 Company has created a valid expectation with respect to third parties that it will assume an obligation.

## 5. Intangible assets

The balances and variations in gross values and accumulated amortization are as follows:

| Gross values | Development costs and software | Patents, licenses, trademarks et al. | Other intangible assets | TOTAL |
|---|---|---|---|---|
| ***Balance at Oct. 1, 2018*** | ***7,833,832*** | ***15,950*** | ***3,697,518*** | ***11,547,300*** |
| Additions | 2,865,159 | 0 | 3,639,084 | 6,504,243 |
| Disposals | | | | |
| ***Balance at Sep. 30, 2019*** | ***10,698,990*** | ***15,951*** | ***7,336,603*** | ***18,051,544*** |

| Accumulated amortization | Development costs and software | Patents, licenses, trademarks et al. | Other intangible assets | TOTAL |
|---|---|---|---|---|
| ***Balance at Oct. 1, 2018*** | ***-2,062,576*** | ***-10,161*** | ***-272,968*** | ***-2,345,705*** |
| Amortization charge | -1,679,979 | -1,596 | -773,552 | -2,455,127 |
| Derecognition | | | | |
| ***Balance at Sep. 30, 2019*** | ***-3,742,556*** | ***-11,756*** | ***-1,046,520*** | ***-4,800,832*** |

| Net carrying amount | Development costs and software | Patents, licenses, trademarks et al. | Other intangible assets | TOTAL |
|---|---|---|---|---|
| *Net carrying amount at Oct. 1, 2018* | ***5,771,255*** | ***5,790*** | ***3,424,550*** | ***9,201,595*** |
| *Net carrying amount at Sep. 30, 2019* | ***6,956,435*** | ***4,194*** | ***6,290,083*** | ***13,250,712*** |

### 5.1 Significant movements

Additions in intangible assets recorded during the period comprised between 09/30/2018 and 09/30/2019 include the capitalization of work performed by the Parent Company for an amount of 2,550,098 euros, and are part of the new technological innovation project 'SmartOp' that the Parent Company has been carrying out since the start of the financial year. This is a two-year project that aims at the automation of and technological improvement in the processes involved in end-to-end billing management of Holaluz customers (algorithms that define customer consumption needs, switching and communication process with distributors, reading data acquisition process, billing algorithms, etc.). This project is comprehensively classified as a Technological Innovation project.

Additions in other assets correspond to customer acquisition costs (Note 4.a.4).

5.2 Other information

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

| Account | Balance at Sep. 30, 2019 |
|---|---|
| Software | 421,796 |
| Business development | 22,730 |
| Brand | 3,609 |
| Total | 448,135 |

No intangible assets are located outside of Spain.

6. Property, plant and equipment

The balances and variations in gross values and accumulated depreciation are as follows:

| **Gross values** | **Data processing equipment** | **Furniture and office equipment** | **Installations** | **PP&E under construction** | **TOTAL** |
|---|---|---|---|---|---|
| ***Balance at Oct. 1, 2018*** | ***261,858*** | ***58,672*** | ***699,373*** | | ***1,019,903*** |
| Additions | 98,572 | 17,572 | 19,254 | 188,771 | 324,170 |
| Disposals | | | -210,637 | | -210,637 |
| ***Balance at Sep. 30, 2019*** | ***360,430*** | ***76,244*** | ***507,991*** | ***188,771*** | ***1,133,436*** |

| **Accumulated depreciation** | **Data processing equipment** | **Furniture and office equipment** | **Installations** | **PP&E under construction** | **TOTAL** |
|---|---|---|---|---|---|
| ***Balance at Oct. 1, 2018*** | ***-120,598*** | ***-18,579*** | ***-113,308*** | | ***-252,486*** |
| *Depreciation charge* | -73,734 | -5,064 | -63,785 | | -142,583 |
| *Derecognition* | | | 95,243 | | 95,243 |
| ***Balance at Sep. 30, 2019*** | ***-194,332*** | ***-23,644*** | ***-81,850*** | ***0*** | ***-299,826*** |

| **Net carrying amount** | **Data processing equipment** | **Furniture and office equipment** | **Installations** | **PP&E under construction** | **TOTAL** |
|---|---|---|---|---|---|
| *Net carrying amount Oct. 1, 2018* | ***141,260*** | ***40,093*** | ***586,065*** | | ***767,417*** |
| *Net carrying amount at Sep. 30, 2019* | ***166,098*** | ***52,601*** | ***426,140*** | ***188,771*** | ***833,610*** |

In the year 2018-19 the Parent Company has derecognized installations in the old offices that have generated losses for an amount of 95,243 euros.

6.1 Significant movements

For the Parent Company, additions in data processing equipment correspond to the renewal of laptops, and new acquisitions as a result of the increase in the company's headcount.

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 Sep. 30, 2019 |
|---|---|
| Data Processing Equipment | 53,568 |
| Furniture | 147 |
| Total | 53,715 |

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. From October 1, 2018 to September 30, 2019 these potential risks were fully covered by the insurance.

No property, plant and equipment items have been acquired between the group companies at September 30, 2019. No intangible assets are located outside of Spain.

7. Leases and similar arrangements

7.1. Operating leases

The operating lease payments recognized as expenses, corresponding entirely to the Parent Company, are as follows:

| | Balance at Sep. 30, 2019 |
|---|---|
| Lease expenses | 448,656 |
| | 448,656 |

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:

| | 2018-19 | 2017-18 |
|---|---|---|
| Within one year | 446,925 | 384,945 |
| Between one and five years | 1,918,770 | 1,851,950 |
| More than five years | 63,565 | 611,320 |
| | 2,429,260 | 2,848,215 |

The Parent Company entered into a lease arrangement on its head offices on September 1, 2017 that expires in December 2024.

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:

| | Loans, derivatives and other financial investments |
|---|---|
| | Sep. 30, 2019 |
| Other financial assets | 401,800 |
| Derivatives | 4,310,930 |
| | 4,712,730 |

The balances detailed correspond entirely to the Parent Company. Other non-current financial assets substantially correspond to the deposit given as a lease guarantee on the offices rental maturing within 4.1 years, deposit of guarantees at MIBGAS (10,000 euros) and long-term social contributions in Avalis (28,600 euros) and Cajamar (10,000 euros), among others.

The balance of Derivatives amounting to 4.5 million euros is commented on in Note 15.

b) Current financial investment categories

Current financial investments are classified based on the following categories:

| | Loans, derivatives and other financial investments |
|---|---|
| | Sep. 30, 2019 |
| Financial assets held for trading | 0 |
| Hedging derivatives (*) | 3,856,917 |
| Other financial assets | 2,183,890 |
| | 6,040,807 |

(*) See Note 15

The balances detailed correspond basically to the Parent Company.

At September 30, 2019 "Other financial assets" includes deposits given as guarantees to the electricity and gas market operators for an amount of 2,181,690 euros. Deposits given to financial institutions for the hedging derivative transactions are entirely pledged as a guarantee thereof.

c) Current accruals

This heading includes the accrual of annual expenses that at September 30, 2019 have not yet been incurred and amounts to 1.2 million euros. They include 832 thousand euros from the Parent Company, which basically correspond to sales commissions related to annual renewals (656 thousand euros), insurance premiums and annual costs for Guarantees of Origin and Energy Efficiency Fund (for the period October, November and December 2019). Additionally, they include 362 thousand euros from Clidom Solar corresponding to the portion of the costs for the photovoltaic panel installation projects not completed at year end.

## 9. Trade and other receivables

a) The breakdown of 'Trade and other receivables' is as follows:

| | Sep. 30, 2019 |
|---|---|
| Trade receivables | 27,935,003 |
| Other receivables | 3,173 |
| Receivables from employees | 1,658 |
| Current income tax assets (*) | 1,810 |
| Other receivables from public administrations (*) | 929,869 |
| | 28,871,514 |

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 Sep. 30, 2019 |
|---|---|
| Opening impairment losses | -663,862 |
| Impairment loss | -480,000 |
| Derecognition and reductions | -181 |
| | -1,144,053 |

## 10. Cash and cash equivalents

The breakdown of this caption at September 30, 2019 is as follows:

| | Sep. 30, 2019 |
|---|---|
| Cash | 136 |
| Demand current accounts | 6,660,598 |
| Bank deposits | 759,089 |
| | 7,419,822 |

Current accounts earn market interest rates.

In August 2019 the corresponding cash inflow was recorded in the books. Additionally, in August 2019 the Parent Company signed a reverse factoring agreement with a financial institution for an amount of 1.9 million euros with a pledge of 750 thousand euros. At the date these consolidated financial statements were prepared, this agreement has been cancelled and the entity has refunded the total amount of the pledge to the Parent.

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

## 11. Equity

The movements in Consolidated Equity during the period comprised between October 1, 2018 and the closing of the financial year at September 30, 2019 are as follows:

| | Issued capital (Note 11) | Share premium (Nota 11) | Reserves (Note 11) | Retained earnings (Note 11) | Profit/(loss) for the year (Note 11) | Negative consolidation reserve (Note 11) | Valuation adjustments (Note 15) | TOTAL |
|---|---|---|---|---|---|---|---|---|
| **Balance at Oct. 1, 2018** | 456,094 | 3,897,225 | -1,415,718 | 30 | 381,141 | -312,466 | 5,056,031 | **8,062,338** |
| Total recognized income and expenss | | | | | -635,481 | | -1,572,420 | **-2,207,901** |
| Transactions with shareholders and owners | 50,677 | 9,949,323 | | | | | | **10,000,000** |
| Capital increase | 50,677 | 9,949,323 | | | | | | **10,000,000** |
| Appropriation of retained earnings | | | 384,622 | -30 | -381,141 | 0 | | **3,451** |
| **Balance at Sep. 30, 2019** | **506,771** | **13,846,548** | **-1,031,096** | **0** | **-635,481** | **-312,466** | **3,483,611** | **15,857,887** |

### a) Share capital

At September 30, 2019 the Group's consolidated share capital amounts to 506,771 euros, represented by 506,771 Parent Company shares with a par value of 1 euro each, fully subscribed and paid up; two classes of shares have been created, Class A shares and Class B shares; Class B shares give a liquidation preference right in a set of circumstances indicated in the Company bylaws.

On July 26, 2019 the Parent Company's extraordinary general meeting of shareholders resolved to increase capital by means of a monetary contribution of 50,677 euros and a share premium of 9,949,323 euros, equal to 50,677 Class B shares with a par value of 1 euro each.

On September 13, 2019 the Official Gazette of the Mercantile Register published the notice announcing the transformation of the Parent Company from a limited liability company into a public limited company, following the resolution passed by the shareholders in the general meeting of the Parent held on September 6, 2019, whereby it was unanimously agreed that the company should become a public limited company under the name Holaluz-Clidom, S.A. The transformation balance sheet at April 30, 2019 and the modification to the bylaws for their adaptation to the new business structure were also unanimously approved.

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

| | Sep. 30, 2019 |
|---|---|
| Axon Capital e Inversiones | 27% |
| Geroa Pentsioak | 10% |

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 September 30, 2019 the legal reserve is not fully funded.

c) Reserves and share premium

The balance of the share premium account can be freely distributed except for the amount under "Losses from prior years".

| | Sep. 30, 2019 | |
|---|---|---|
| | Reserves | Losses from prior years |
| HOLALUZ-CLIDOM, SA | -1,031,096 | |
| CLIDOMER, LDA | | -60,918 |
| CL. SOLAR, SL | | -236,602 |
| CL. ITALIA, SRL | | -6,550 |
| CL. FRANCE, SARL | | -8,371 |
| ORWELL POWER, SL | | -25 |
| CL. GENERAC., SL | | |
| **TOTAL RESERVAS** | **-1,031,096** | **-312,466** |

## 12. Provisions

The Parent Company has recorded a provision for all payment settlements received from the city councils corresponding to local tax payments, most of them related to the tax on economic activities pending payment at year end. The Parent Company has lodged an appeal as it considers that there are no grounds for demanding this payment and considers that it is not liable to it.

The movements in provisions were as follows:

| | Balance at Oct. 1, 2018 | Additions | Balance at Sep. 30, 2019 |
|---|---|---|---|
| Provisions | 127,843 | 18,003 | 145,846 |
| | **127,843** | **18,003** | **145,846** |

## 13. Non-current and current payables

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

| | Non-current payables | | |
|---|---|---|---|
| | Payables Sep. 30, 2019 | Derivatives Sep. 30, 2019 | Total Sep. 30, 2019 |
| Debits and payables | 236,118 | | 236,118 |
| Hedging derivatives | | 684,120 | 684,120 |
| | **236,118** | **684,120** | **920,238** |

Non-current financial liabilities mainly correspond to the outstanding amount of 236 thousand euros of the loan granted by Institut Català de Finances (ICF).

The balance of Derivatives amounting to 684 thousand euros is commented on in Note 15.

| | Current payables | | |
|---|---|---|---|
| Categories | Bank borrowings Sep. 30, 2019 | Other financial liabilities Sep. 30, 2019 | Total Sep. 30, 2019 |
| Hedging derivatives | | 1,867,661 | 1,867,661 |
| Debits and payables | 13,909,775 | 55,702 | 13,965,477 |
| | **13,909,775** | **1,923,363** | **15,833,138** |

Bank borrowings include the portion of current loans, the amounts utilized from credit lines and the amounts utilized from reverse factoring facilities, factoring facilities and funded payments. Most of these borrowings at September 30, 2019 correspond to Banc Sabadell, Ibercaja, Bankinter, Bankia, Deutsche Bank and BBVA, among others.

The balance of Derivatives amounting to 1,867 thousand euros is commented on in Note 15.

a) Classification by maturity

The breakdown by maturity of the Parent Company's loans, with fixed or determinable maturity, at September 30, 2019, is as follows:

September, 30, 2019

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | TOTAL |
|---|---|---|---|---|---|
| Payables | | | | | |
| Bank borrowings | 835,068 | 114,432 | 121,687 | 0 | 1,071,186 |
| | **835,068** | **114,432** | **121,687** | **0** | **1,071,186** |

b) Other information

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

| | | 2018-2019 (September 30, 2019) | | |
|---|---|---|---|---|
| | | Limit | Current at Sep. 30, 2019 | Non-current at Sep. 30, 2019 |
| LOANS | Bank loans | 1,071,186 | 835,068 | 236,118 |
| CF | Credit facilities | 9,150,000 | 7,932,086 | |
| FAC & REV FAC | Factoring, reverse factoring and funded payments | 2,995,373 | 2,591,345 | |
| B.DIS | Bills discounted | 2,808,592 | 2,528,036 | |
| OTHER | Credit cards | 282,177 | 23,239 | |
| | | **16,307,328** | **13,909,775** | **236,118** |

In the period comprised between October 1, 2018 and September 30, 2019 the Parent Company has increased the limit available on its net bank borrowings by 4.7 million euros. New loans have been taken out for a total amount of 700 thousand euros. Additionally, short-term funding has been extended through new credit lines amounting to 750 thousand euros, replacing some facilities with reverse factoring and factoring facilities and funded payments to suppliers for a total amount of 3 million euros, and bill discounting facilities of 1.3 million euros, with a total available amount of 2.8 million euros, of which 2.5 million euros have been used at September 30, 2019. These amounts have been mainly used to fund the cash needs derived from the increase in the Group's activity.

Additionally, the Parent Company has drawndown lines of guarantees and security interests that have been granted by several financial institutions for an overall amount of 6 million euros, which have been provided to energy suppliers to carry out the energy purchase and marketing activity.

## 14. Trade and other payables

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

| | Sep. 30, 2019 |
|---|---|
| Supplies | 13,308,835 |
| Other payables | 12,007,381 |
| Employee benefits payable | 275,022 |
| Current income tax liabilities | 0 |
| Other payables to public administrations (*) | 1,676,197 |
| Customers advances (**) | 2,267,073 |
| | 29,534,508 |

(*) See Note 17

(**) The balance corresponds entirely 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.

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

The information on the average payment period to suppliers is as follows:

| | Sep. 30, 2019 |
|---|---|
| Average payment period to suppliers and creditors | 47.6 |
| Ratio of transactions paid | 42.0 |
| Ratio of transactions pending payment | 34.9 |
| | Amount |
| Total payments made | 256,118,213 |
| Total payments outstanding | 36,250,162 |

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 September 30, 2019 base loads of energy are covered at a fixed price. All of them end at December 31, 2026 at the latest, and meet the requirements detailed in (Note 4f) on measurement policies to be classified as hedging instruments.

The summary of cash flow hedges in force at year end, whose amount has not been settled at the balance sheet date (September 30, 2019) since they are held to maturity, is as follows:

| Description of the hedge | Type | Entity | Underlying | Fair value |
|---|---|---|---|---|
| MEFF Power hedge | SWBCCAL20 | Investment entity | MWh | 4,528 |
| MEFF Power hedge | SWBCCAL20 | Investment entity | MWh | 3,514 |
| MEFF Power hedge | SWBCQ419 | Investment entity | MWh | 1,304 |
| MEFF Power hedge | SWBCCAL19 | Investment entity | MWh | - |
| MEFF Power hedge | SWBCCAL21 | Investment entity | MWh | 1,105 |
| MEFF Power hedge | SWBCMOCT19 | Investment entity | MWh | 76,860 |
| MEFF Power hedge | SWBCQ319 | Investment entity | MWh | 230,580 |
| MEFF Power hedge | SWBCQ419 | Investment entity | MWh | 203,920 |
| Total | | | | 368,090 |
| Power Purchase Agreements | CAL20_26 | Investment entity | MWh | 5,247,976 |

The net amounts of these transactions at year end total 5.6 million euros and have been recorded as follows:

| | Sep. 30, 2019 |
|---|---|
| Non-current derivatives (asset) | 4,310,930 |
| Current derivatives (asset) | 3,856,917 |
| Non-current derivatives (liability) | -684,120 |
| Current derivatives (liability) | -1,867,661 |
| | **5,616,066** |

Additionally, the cash account includes 982 thousand euros negative corresponding to daily settlements of outstanding derivatives.

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

| | Sep. 30, 2019 |
|---|---|
| Amount recognized in equity - Profit / (loss) | 3,483,611 |
| Amount recorded directly in income statement - Profit / (loss) * | -1,126,891 |
| | 2,356,719 |

(*) 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 maturities of payables to customers are classified as follows:

| | Sep. 30, 2019 | Sep. 30, 2018 |
|---|---|---|
| Not due | 23,835,105 | 16,149,457 |
| Past due, not impaired | | |
| Less than 30 days | 480,247 | 440,410 |
| Between 30 and 60 days | 376,878 | 238,787 |
| More than 60 days | 3,242,773 | 1,579,759 |
| | 27,935,003 | 18,408,413 |
| Doubtful receivables | 1,144,043 | 663,862 |
| Impairment allowances | -1,144,043 | -663,862 |
| TOTAL | 27,935,003 | 18,408,413 |

b) Liquidity 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.

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).

As a result of the growth strategy pursued by the Group, at September 30, 2019 the consolidated financial statements show negative working capital.

However, the Directors consider that this situation is only due to the growth strategy, and that the available facilities (Note 13.b) and the cash inflow derived from the capital increase carried out on November 21, 2019 amounting to 30 million euros (Note 22) mitigate any related risk.

c) Market risk

Both cash and interest-bearing debt are exposed to interest rate risk, since almost the entire interest-bearing debt is linked to variable interest rates. However, it is estimated that in no case will they have a negative impact on the financial results or cash flows.

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.

## 17. Taxes

The breakdown of this heading in the consolidated financial statements at September 30, 2019 is as follows:

| | Sep. 30, 2019 | | | |
|---|---|---|---|---|
| | Debit balances | | Credit balances | |
| Item | Non-current | Current | Non-current | Current |
| Value Added Tax | | 780,858 | | 629,107 |
| Canary Islands general indirect tax | | 139,638 | | |
| Current income tax assets | | 1,810 | | |
| Deferred tax assets | 1,683,290 | | | |
| Deferred tax liabilities | | | 1,161,204 | |
| Current income tax liabilities | | | | |
| Electricity tax | | | | 812,110 |
| Gas tax | | | | 5,131 |
| Personal income tax | | | | 90,107 |
| Social Security agencies | | 9,373 | | 139,743 |
| | 1,683,290 | 931,680 | 1,161,204 | 1,676,198 |

The reconciliation of consolidated profit/(loss) before tax for the 2018-2019 year with tax results of the Parent is as follows:

| | 2019 | |
|---|---|---|
| | Tax accrued | Tax payable |
| Profit before income tax | -800,949 | -800,949 |
| Adjustments to profit | 55,951 | |
| Permanent differences | | 0 |
| Temporary differences arising in prior years | | |
| **Tax result** | **-744,998** | **-800,949** |
| Utilization of tax loss carryforwards arisen in prior years | 744,998 | 800,949 |
| Taxable income (tax result) | -744,998 | -800,949 |
| Total tax liability (25% of tax result) | -164,696 | -164,696 |
| Deductions | 330,164 | |
| **Net tax payable** | **165,468** | **-164,696** |
| Withholdings and payments on account | | 1,535 |
| **Income tax expense / Income tax refund** | **165,468** | **1,535** |

Deferred tax assets recorded

The breakdown of the balance of this account, which corresponds entirely to the Parent Company, is as follows, in euros:

| Item | Sep. 30, 2019 Amount | Maturity |
|---|---|---|
| Tax credits related to unused tax loss carryforwards | 429,586 | no maturity |
| Unused deductions: | | |
| 2014 deduction for investment of profit | 29,604 | 2029 |
| 2011 deduction for IT | 1,482 | 2026 |
| 2012 deduction for IT | 1,978 | 2027 |
| 2013 deduction for IT | 4,678 | 2028 |
| 2014-15 deduction for IT | 24,278 | 2029 |
| 2015-16 deduction for IT | 282,753 | 2030 |
| 2016-17 deduction for IT | 297,887 | 2031 |
| 2017-18 deduction for IT | 259,637 | 2032 |
| 2018-19 deduction for IT | 330,164 | 2033 |
| 2014-15 deduction for donation | 729 | 2030 |
| 2016-17 deduction for donation | 4,200 | 2030 |
| Temporary differences | | |
| 2013-15 Amortization (30%) | 16,314 | 2025 |
| | 1,683,290 | |

Technological innovation deductions derive from the technological transformation project that the Parent Company is developing (Note 5) 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 above-listed 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.

Deferred tax liabilities recognized

The breakdown of this account, which corresponds entirely to the Parent Company, is as follows:

| Temporary differences (deferred tax liabilities) | Sep. 30, 2019 |
|---|---|
| Hedging transactions | 1,161,204 |
| | 1,161,204 |

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 September 30, 2019, the Company is open to inspection for the income tax for 2014 and subsequent years and for all other applicable taxes for 2015 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 financial statements at September 30, 2019.

## 18. Income and expenses

### a) Revenue

The distribution of revenue by activity and geographical segments is as follows:

| Activities | Sep. 30, 2019 |
|---|---|
| Marketing of electricity | 163,249,177 |
| Marketing of gas | 6,746,010 |
| Representation of electricity | 37,837,228 |
| Sef-consumption sales | 985,834 |
| | 208,818,249 |

Revenue has been generated solely in Spain, except for 1.9 million euros corresponding to electricity representation in Portugal.

### b) Energy consumption

| Net purchases | Sep. 30, 2019 |
|---|---|
| Purchase of electricity from the market | 146,742,716 |
| Purchase of gas from the market | 5,677,339 |
| Purchase of electricity for representation | 38,180,499 |
| Cost of financial derivatives | 1,126,891 |
| Purchase of material for self-consumption sales | 819,677 |
| | 192,547,121 |

All the purchases by the Parent Company and Clidom Solar 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

Only the Parent Company has employees. Neither of the subsidiaries has employees and they are all managed directly from the parent.

| Employee benefits expense | Sep. 30, 2019 |
|---|---|
| Wages and salaries | 6,227,606 |
| Social security paid by the company | 1,901,625 |
| Other employee welfare expenses | 0 |
| | 8,129,231 |

d) External services

| External services | Sep. 30, 2019 |
|---|---|
| Lease payments (*) | 448,656 |
| Repairs and maintenance | 384,474 |
| Independent professional services | 2,360,959 |
| Insurance premiums | 86,700 |
| Bank services | 275,976 |
| Publicity, advertising and public relations | 2,671,563 |
| Utilities | 501,433 |
| Other services | 821,590 |
| | 7,551,350 |

(*) note 7.1 (leases)

e) Depreciation and amortization

| | Sep. 30, 2019 |
|---|---|
| Property, plant and equipment | 143,468 |
| Intangible assets | 2,454,241 |
| | 2,597,710 |

f) Other gains/(losses)

| | Sep. 30, 2019 |
|---|---|
| Non-recurring expenses | 154,352 |
| (Non-recurring income) | -101,262 |
| | 53,090 |

g) Finance costs

| | Sep. 30, 2019 |
|---|---|
| Interest on bank borrowings | 677,254 |
| Interest on discounted bills at other financial institutions | 19,599 |
| | 696,853 |

h) Segment information

| | Marketing (electricity & gas) | Representation (electricity) | Self-consumption | TOTAL |
|---|---|---|---|---|
| Revenue | 169,995,187 | 37,837,228 | 985,834 | 208,818,249 |
| Work performed and capitalized | 2,550,098 | | | 2,550,098 |
| Cost of sales | -153,946,180 | -37,781,264 | -819,677 | -192,547,121 |
| Employee benefits expense | -8,294,631 | 165,400 | | -8,129,231 |
| Other operating income and expenses | -6,475,683 | -259,478 | -1,317,152 | -8,052,313 |
| Other gains / (losses) | -143,179 | -4,854 | -300 | -148,333 |
| Depreciation and amortization | -2,596,824 | | -886 | -2,597,710 |
| OPERATING PROFIT / (LOSS) | 1,088,787 | -42,969 | -1,152,179 | -106,361 |
| Finance loss | -694,551 | -35 | -2 | -694,588 |
| PROFIT / (LOSS) BEFORE TAX | 394,236 | -43,003 | -1,152,181 | -800,949 |
| | | | | |
| Segment assets | 59,014,109 | 4,105,809 | 926,169 | 64,046,087 |
| Segment liabilities | 59,014,109 | 4,105,809 | 926,169 | 64,046,087 |

## 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 CO2 emissions. Thus, the Company has no provisions for environmental risks and expenses since it considers that no risks exist for this matter.

Consequently, there have been no environmental investments during the period comprised between September 30, 2018 and September 30, 2019.

## 20. Related-party transactions

Company transactions in 2018-19 with related parties, 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 |
| Clidomer Unipessoal | Group company |
| Clidom Solar, S.L. | Group company |
| Clidom France | Group company |
| Clidom Italia | Group company |
| Orwell Power, S.L. | Group company |
| Clidom Generación, S.L. | Group company |

a) Directors and senior executives

The remuneration earned by the members of the Parent Company's Board of Directors at September 30, 2019 amount to 510 thousand euros (362 thousand euros in 2017-18). Senior executive duties are carried out by the members of the Board of Directors.

At September 30, 2019 and September 30, 2018 the Parent Company had no pension plans or life insurance policies for former or current members of the Board of Directors.

At September 30, 2019 and September 30, 2018 no advances or loans had been given to senior executives or members of the Board of Directors, nor had the Company given any guarantees on their behalf.

At September 30, 2019 the Parent Company's Directors' liability insurance premiums for damages arising in the performance of the Directors' duties have been paid for an amount of 2.2 thousand euros (9 thousand euros at 2017-18 year end).

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.

21. Other information

The Group's average headcount during 2018-19 by categories, and the breakdown of headcount by gender at year end, is as follows:

| | 2018-2019 | | | |
|---|---|---|---|---|
| | | Headcount at Sep. 30, 2019 | | |
| Professional category | Average headcount | Men | Women | Disabled employees >33% |
| Directors | 3 | 2 | 1 | |
| Production personnel | 135 | 72 | 66 | 3 |
| Sales personnel | 26 | 20 | 11 | 1 |
| Administrative personnel | 13 | 5 | 12 | |
| | **176** | **99** | **90** | **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 earned by the auditors of the Group for the audit of the separate financial statements of the Parent Company and the consolidated financial statements at September 30, 2019 have amounted to 65,000 euros, whereas other review services provided during the year have amounted to 25,000 euros.

22. Subsequent events

At the general meeting held on October 25, 2019 the Parent Company's shareholders resolved to increase capital through a public offering of shares paid with monetary contributions in order to increase the Company's shareholders' equity by a maximum effective amount of 30 million 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), specifically shares issued within the public offering framework.

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 up upon subscription of the new shares.

On December 19, 2019 the Board of Directors of the Parent Company resolved to grant two participation loans amounting to 300 thousand euros and 1.5 million euros to Clidomer and Clidom Solar, respectively, so that they could face their negative shareholders' equity situation.

No significant additional subsequent events have occurred.

AUTHORIZATION FOR ISSUE BY THE MANAGEMENT BODY OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2019

Pursuant to prevailing legislation, the consolidated financial statements for the year ended September 30, 2019 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 financial statements, which have been drawn up from page 1 to page 35.

Barcelona, December 30, 2019