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
December 31, 2024

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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

To the shareholders of HOLALUZ-CLIDOM, S.A.:

Report on the consolidated financial statements

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 at December 31, 2024, 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 at December 31, 2024 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 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.

Domicilio Social: Calle de Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3• del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1•. C.I.F. B-78970506.
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Material Uncertainty relating to Going Concern

We draw attention to Note 2c) to the accompanying consolidated financial statements, which mentions some circumstances that may cast doubt on the Group's ability to continue as a going concern. In particular, said Note indicates that the Group has incurred losses amounting to 31.5 million euros in the year 2024 and shows negative working capital amounting to 56.4 million euros at December 31, 2024. The following events, which have not yet materialized, are described as mitigating factors: the expected pay-out of a convertible loan amounting to 15.5 million euros and the expected approval of the financial debt restructuring agreement reached. These circumstances are indicative of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters 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 matters.

In addition to the matter described in the *Material Uncertainty relating to Going Concern* section, we have determined that the matters described below are the key audit matters to be reported herein.

Recognition of unbilled revenue accrued

Description

The Group has recorded under the "Trade and other receivables - Trade receivables for sales and services" heading in the consolidated balance sheet at December 31, 2024, an amount of 12.5 million euros corresponding to sales of energy that has been supplied but not yet billed.

We have considered this area a key audit matter due to the fact that the recognition and measurement of unbilled sales at each year end requires making estimates, which entails applying judgment for establishing the assumptions considered by Parent Company Management regarding said estimates, and also due to the materiality of the amounts involved.

The information on the measurement accounting policies applied and the corresponding disclosures are presented in Notes 4.e.1 and 10 to the accompanying consolidated financial statements.

Our response

Our audit procedures for this area consisted, among others, in:

- Understanding the revenue recognition process established by Parent Company Management, evaluating the design and implementation of the relevant controls established in said process and verifying the operating effectiveness thereof.
- Assessing the reasonableness of the volume of unbilled energy by analyzing historical information and other external information.

- Checking that the rates applied in estimated revenue are correct, based on the tariffs established in the corresponding contracts.
- Performing tests on the bills issued subsequent to year end and assessing the consistency of the estimates made.
- Performing substantive analytical procedures consisting in a review of the evolution of energy supply revenue, energy purchase costs and monthly margins.
- Reviewing the disclosures provided in the notes to the consolidated financial statements and assessing whether they are in accordance with the applicable regulatory framework for financial information.

Capitalization and analysis of the recovery of development costs

Description

The Group has recorded under the "Intangible assets - Development costs" heading in the consolidated balance sheet at December 31, 2024 development projects, for which internal and external resources have been used amounting to 29.9 million euros, which are amortized over their estimated five-year useful lives.

We have considered this area a key audit matter due to the materiality of the amounts involved and the high degree of judgment that Parent Company Management needs to apply to assess whether the requirements for capitalizing development costs, identifying the existence of impairment indications and, where appropriate, estimating recoverable amount at each year end are met.

The information on the measurement accounting policies applied and the corresponding disclosures are presented in Notes 4.a.2 and 6 to the accompanying consolidated financial statements.

Our response

Our audit procedures for this area consisted, among others, in:

- Understanding the process established by Parent Company Management for recognizing and measuring development costs, specifically, for capitalization, amortization and identification of potential impairment.
- Checking that the projects are specifically itemized, and its related costs have been clearly established and correctly calculated.
- Obtaining and reviewing the analysis conducted by Parent Company Management of the existence of evidence of the technical success and economic and commercial profitability of capitalized projects.

- Assessing, in cooperation with our valuation specialists, the methodology used by Parent Company Management in the impairment tests, verifying its consistency with the regulatory framework for financial information, the reasonableness of the key assumptions used for estimating the recoverable amount (including the ones related to expected future cash flows and discount and long-term growth rates) and the sensitivity of results to reasonably possible changes in the assumptions made.
- Reviewing the disclosures provided in the notes to the consolidated financial statements and assessing whether they are in accordance with the applicable regulatory framework for financial information.

Recoverability of deferred tax assets

Description

The Group has recorded in the consolidated balance sheet at December 31, 2024 deferred tax assets for tax credits related to unused tax loss carryforwards, tax deductions arisen in prior years and temporary differences for an overall amount of 21.9 million euros.

We have considered this area a key audit matter since the assessment done by Parent Company Management to determine the recoverable amount of these assets requires it to make complex judgments regarding future tax profit estimates, which are made based on the financial projections and business plans of the companies that comprise the tax group, considering the applicable tax and accounting regulations, as well as the materiality of the amount involved.

The information on the measurement accounting policies applied and the corresponding disclosures are presented in Notes 4.g and 19 to the accompanying consolidated financial statements.

Our response

Our audit procedures for this area consisted, among others, in:

- Understanding the process established by Parent Company Management for analyzing the recoverability of deferred tax assets.
- Assessing the reasonableness of the key assumptions considered by Parent Company Management to estimate the time period it will take to recover the deferred tax assets, focusing the assessment on economic, financial and tax assumptions used to estimate the future tax profits of the tax group based on budgets, business performance and historical experience.
- Assessing, in collaboration with our tax specialists, the key assumptions made by Group Management related to applicable tax regulations.
- Reviewing the disclosures provided in the notes to the consolidated financial statements and assessing whether they are in accordance with the applicable regulatory framework for financial information.

Other information: consolidated management report

Other information refers exclusively to the 2024 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. Our responsibility for the consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

a) Checking only that the consolidated non-financial statement was provided as stipulated by applicable regulations and, if not, disclose this fact.

b) Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part 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 above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2024 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the Parent Company's directors and the audit committee 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.

The Parent Company's audit committee is responsible for overseeing the consolidated financial reporting process.

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 Parent Company management.

- 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 audit committee of the Parent Company 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.

We also provide the audit committee of the Parent Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee of the Parent Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

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

Report on other legal and regulatory requirements

Additional report to the audit committee of the Parent Company

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee of the Parent Company on April 3, 2024.

Term of engagement

The ordinary general shareholders' meeting held on June 9, 2023 appointed us as Group auditors for 3 years, commencing on December 31, 2023.

Previously, we were appointed as auditors by the shareholders for 3 years and we have been carrying out the audit of the financial statements continuously since September 30, 2019.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

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Alfredo Eguiagaray

April 30, 2025

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Consolidated Financial Statements and Consolidated Management Report
for the year ended December 31, 2024

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

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HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated balance sheet on December 31, 2024, and December 31, 2023

ASSETS	*Notes*	*12.31.2024*	*12.31.2023 (*)*
NON-CURRENT ASSETS			
Intangible assets-	6	**30,472,798**	**34,741,097**
Patents		3,721	3,916
Software		159,674	232,771
Development		29,924,087	29,497,427
Other intangible assets		385,316	506,983
Intangible assets in progress and prepayments		-	4,500,000
Property, plant, and equipment-	7	**922,969**	**1,646,877**
Land and buildings		291,293	474,147
Technical installations and other PP&E items		631,676	1,172,730
Financial investments-	9	**1,589,565**	**8,568,098**
Loans to third parties		720,774	6,666,359
Derivatives	17	425,999	1,101,325
Other financial assets		442,792	800,414
Deferred tax assets	18	**21,933,086**	**22,806,796**
Accruals	12	**4,395,405**	**8,971,555**
Total non-current assets		**59,313,823**	**76,734,423**
CURRENT ASSETS			
Inventories-	11	**1,144,873**	**4,282,889**
Commercial inventories		1,014,010	4,144,512
Prepayments to suppliers		130,863	138,377
Trade and other receivables-	10	**27,313,009**	**52,707,359**
Trade receivables for sales and services	10	19,772,020	32,128,333
Other receivables		5,612,257	8,616,602
Receivables from employees		39,725	56,737
Current income tax assets	19	4,260	8,191
Other receivables from Public Administrations	19	1,884,747	11,897,496
Financial investments-		**11,097,099**	**19,388,885**
Loans to companies		4,522	4,522
Derivatives	9, 17	8,260,107	17,097,767
Other financial assets	9	2,832,470	2,286,596
Accruals	12	**9,211,792**	**12,459,970**
Cash and cash equivalents-	13	**2,208,628**	**7,885,702**
Cash		2,208,628	7,885,702
Total current assets		**50,975,401**	**96,724,805**
TOTAL ASSETS		**110,289,224**	**173,459,228**

(*) Restated figures (see Note 2.1)

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated balance sheet on December 31, 2024, and December 31, 2023

EQUITY AND LIABILITIES	*Notes*	*12.31.2024*	*12.31.2023(*)*
EQUITY			
SHAREHOLDERS' EQUITY-	14	**(12,820,037)**	**14,389,328**
Share capital-		**731,329**	**656,662**
Issued capital		731,329	656,662
Share premium		**66,177,477**	**61,772,144**
Reserves		**(48,119,276)**	**(20,186,840)**
Legal and statutory reserves		131,332	131,332
Other reserves		(48,250,609)	(20,318,172)
Treasury shares		**(139,239)**	**(193,342)**
Profit/(loss) for the year		**(31,470,328)**	**(27,659,296)**
VALUATION ADJUSTMENTS		**(4,405,981)**	**(4,503,108)**
Hedging transactions	17	(4,405,981)	(4,503,108)
Total Equity		**(17,226,018)**	**9,886,220**
NON-CURRENT LIABILITIES			
Payables-		**20,117,586**	**22,594,703**
Bank borrowings	15	16,522,979	15,958,684
Finance leases	15	12,029	31,016
Derivatives	17	82,578	6,603,673
Other financial liabilities	15	3,500,000	1,330
Total non-current liabilities		**20,117,586**	**22,594,703**
CURRENT LIABILITIES			
Payables-		**31,242,193**	**63,850,049**
Bank borrowings	15	19,797,964	36,405,999
Finance leases	15	19,442	22,184
Derivatives	17	7,928,268	6,544,376
Other financial liabilities	15	3,496,519	20,877,490
Trade and other payables-		**76,155,463**	**77,119,206**
Suppliers	16	66,712,986	60,229,032
Other payables	16	5,913,497	7,567,683
Employee benefits payable	16	692,310	465,238
Current income tax liabilities		1,715	1,943
Other payables to Public Administrations	16, 18	1,251,669	1,637,038
Customer advances	16	1,583,286	7,218,272
Accruals		**-**	**9,050**
Total current liabilities		**107,397,656**	**140,978,305**
TOTAL EQUITY AND LIABILITIES		**110,289,224**	**173,459,228**

(*) Restated figures (see Note 2.1)

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated income statement for the years ended December 31, 2024, and December 31, 2023

	Notes	12.31.2024	12.31.2023 (*)
CONTINUING OPERATIONS			
Revenue-	**20.a**	**271,006,907**	**614,562,520**
Sales		257,364,974	587,309,614
Rendering of services		13,641,933	27,252,906
Changes in inventory of finished goods and work in progress		**(1,856,858)**	**(2,128,729)**
Work performed by the entity and capitalized	**6.1**	**5,201,275**	**8,805,807**
Cost of sales-	**20.b**	**(228,227,146)**	**(549,647,450)**
Consumption of goods		(226,397,301)	(546,633,888)
Work performed by third parties		(1,829,845)	(3,013,562)
Other operating income-		**943,015**	**2,508,229**
Ancillary income		943,015	2,496,554
Grants related to income		-	11,675
Employee benefits expense-	**20.c**	**(22,462,845)**	**(39,332,961)**
Wages, salaries et al.		(17,673,478)	(30,205,270)
Social security costs et al.		(4,789,368)	(9,127,691)
Other operating expenses-		**(36,650,865)**	**(57,572,861)**
External services	**20.d**	(33,494,796)	(46,912,224)
Taxes		(75,627)	(99,093)
Losses on, impairment of and change in trade provisions	**9**	(3,080,442)	(10,561,544)
Depreciation and amortization	**6,7,20.e**	**(12,244,310)**	**(9,756,521)**
Other gains and losses	**20.f**	**(2,077,620)**	**(1,022,711)**
Non-recurring income and expenses		**(2,077,620)**	(1,022,711)
OPERATING PROFIT/(LOSS)		**(26,368,447)**	**(33,584,677)**
Finance income-		**25,943**	**330,876**
From marketable securities and other financial instruments		25,943	330,876
Finance costs-		**(3,729,912)**	**(4,390,656)**
Third-party borrowings	**20.g**	**(3,729,912)**	(4,390,656)
Exchange gains (losses)		**(12,049)**	**26,813**
Impairment losses and gains (losses) on disposals of financial instruments	**20.h**	**(1,385,864)**	**-**
Impairment losses and losses		(1,385,864)	-
FINANCE COST		**(5,101,881)**	**(4,032,967)**
PROFIT/(LOSS) BEFORE TAX		**(31,470,328)**	**(37,617,644)**
Income tax	**19**	-	9,958,348
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**(31,470,328)**	**(27,659,296)**
PROFIT/(LOSS) FOR THE YEAR		**(31,470,328)**	**(27,659,296)**

(*) Restated figures (see Note 2.1)

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Consolidated statement of changes in equity for the years ended December 31, 2024, and December 31, 2023

	12.31.2024	12.31.2023 (*)
PROFIT/(LOSS) FOR THE YEAR	**(31,470,328)**	**(27,659,296)**
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY		
From cash flow hedges	**1,141,017**	**49,109,320**
Tax effect	**(285,254)**	**(12,277,330)**
TOTAL INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY	**855,763**	**36,831,990**
AMOUNTS TRANSFERRED TO INCOME STATEMENT		
From cash flow hedges	**(1,011,515)**	**(24,220,531)**
Tax effect	**252,879**	**6,055,133**
TOTAL AMOUNTS TRANSFERRED TO INCOME STATEMENT	**(758,636)**	**(18,165,398)**
TOTAL RECOGNIZED INCOME AND EXPENSES	**(31,373,201)**	**(8,992,704)**

(*) Restated figures (see Note 2.1)

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES

Consolidated statement of changes in equity for the years ended December 31, 2024, and December 31, 2023

	Issued capital (Note 14)	Share premium (Note 14)	Reserves (Note 14)	Treasury shares (Note 14)	Profit/(loss) for the year	Valuation adjustments (Note 14)	TOTAL
Balance at 12.31.2022	**656,662**	**61,772,144**	**(14,165,475)**	**(300,217)**	**(5,121,521)**	**(23,169,700)**	**19,671,894**
Adjustments for errors in 2022 (Note 2.1)					(696,142)		**(696,142)**
Total recognized income and expenses	-	-	-	-	(27,659,296)	18,666,592	**(8,992,704)**
Transactions with shareholders and owners	-	-	-	-	-	-	**-**
Capital increase	-	-	-	-	-	-	**-**
Appropriation of prior-year profit/(loss)	-	-	(5,817,663)	-	5,817,663	-	**-**
Other changes in equity	-	-	(203,702)	106,875	-	-	**(96,828)**
Balance at 12.31.2023	**656,662**	**61,772,144**	**(20,186,840)**	**(193,342)**	**(27,659,296)**	**(4,503,108)**	**9,886,220**
Total recognized income and expenses	-	-	-	-	(31,470,328)	97,127	**(31,373,201)**
Transactions with shareholders and owners	74,667	4,405,333	-	-	-	-	**4,480,000**
Capital increase	74,667	4,405,333	-	-	-	-	4,480,000
Appropriation of prior-year profit/(loss)	-	-	(27,659,296)	-	27,659,296	-	**-**
Other changes in equity	-	-	(273,140)	54,103	-	-	**(219,037)**
Balance at 12.31.2024	**731,329**	**66,177,477**	**(48,119,276)**	**(139,239)**	**(31,470,328)**	**(4,405,981)**	**(17,226,018)**

HOLALUZ-CLIDOM, S.A. and SUBSIDIARIES
Consolidated cash flow statement for the years ended December 31, 2024, and December 31, 2023

	Notes	12.31.2024	12.31.2023
Profit/(loss) before tax		**(31,470,328)**	**(37,617,644)**
Adjustments to profit		**36,153,189**	**59,039,236**
Depreciation and amortization (+)	6 & 7	12,244,310	9,756,521
Impairment losses (+/-)		2,278,057	15,188,665
Changes in provisions (+/-)		(127,469)	(500,000)
Finance income (-)		(25,943)	-
Finance costs (+)		3,741,904	4,032,967
Other income and expenses (-/+)		18,042,330	30,561,083
Change in working capital		**26,905,844**	**(2,043,807)**
Inventories (+/-)		3,130,503	4,038,275
Trade and other receivables (+/-)		18,660,981	12,274,263
Other current assets (+/-)			3,990,832
Trade and other payables (+/-)		4,413,434	(23,029,593)
Other current liabilities (+/-)		0	682,416
Other non-current assets and liabilities (+/-)		700,926	-
Other cash flows from/(used in) operating activities		**(5,000,124)**	**(4,488,751)**
Interest paid (-)		(3,715,960)	(4,032,967)
Interest received (+)		-	-
Income tax receipts (payments) (+/-)		(228)	(702,465)
Other payments (receipts) (-/+)		(1,283,936)	
Cash flows from/(used in) operating activities (1+2+3+4)		**26,588,581**	**14,889,034**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Payments on investments (-)		**(6,802,515)**	**(20,778,322)**
Intangible assets	6	(1,923,359)	(3,535,931)
Property, plant and equipment	7		-
Other financial assets		4,559,721	-
Business unit		-	-
Other assets		(9,438,877)	(17,242,391)
Proceeds from disposals (+)		**(241,632)**	**3,234,169**
Other financial assets		(241,632)	3,234,169
Cash flows from/(used in) investing activities (6+7)		**(7,044,147)**	**(17,544,153)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		**-**	**-**
Issuance of equity instruments (+)		4,480,000	-
Acquisition of own equity instruments (-)		-	-
Proceeds from and payments on financial liabilities		**(29,701,228)**	**201,038**
Issues		32,470,277	169,900,000
Bank borrowings (+)		*2,470,277*	*2,000,000*
Other payables		*30,000,000*	*167,900,000*
Repayment and redemption of:		(62,171,505)	(169,698,962)
Bank borrowings (-)		*(12,591,505)*	*(12,504,119)*
Other payables (-)		*(49,580,000)*	*(157,194,843)*
Cash flows from/(used in) financing activities (9+10+11)		**(25,221,228)**	**201,038**
Net foreign exchange difference		**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**(5,676,794)**	**(2,454,081)**
Cash and cash equivalents at January 1	**13**	**7,885,702**	**10,339,505**
Cash and cash equivalents at December 31	**13**	**2,208,628**	**7,885,424**

1. Activity

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

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

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

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

Its main activity is the commercialization of energy in general.

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

The Group's functional currency is the euro.

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

1.1. Subsidiaries

On December 31, 2024, the Parent Company holds a direct ownership interest in the following companies:

- Clidomer Unipessoal, LDA (wholly owned on December 31, 2024) is a sole shareholder company that was incorporated on December 22, 2017, and is domiciled in Lisbon, at Av. Jose Malhoa 16 B. Its main activity is the manufacture, purchase, sale and commercialization of energy and goods inherent to the electricity market.

- Clidom Italia, SRL (wholly owned on December 31, 2023) is a limited liability company that was incorporated on May 8, 2018, and is domiciled in Milan via Gabba Fratelli, 4. Its corporate purpose consists in the sale of electricity, gas and other energy products. At the date the consolidated financial statements on December 31, 2024, were prepared, the company is dormant.

- Clidom France, SARL (wholly owned on December 31, 2024) 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 consolidated financial statements on December 31, 2024, were prepared, the company is dormant.

- Holaluz Generación, S.L. (formerly, Orwell Power, SL, wholly owned on December 31, 2024) is a sole shareholder limited liability company that was incorporated on April 6, 2018, and is domiciled in Barcelona at Passeig Joan de Borbó, 99-101. Its corporate purpose consists in the purchase and sale, even at an international level, production and commercialization of energy in general, natural gas and telecommunications, even their transfer, regardless of their source of generation and production. It also provides energy, environmental and telecommunications advisory and engineering services. The company started its activity during the year ended September 30, 2020. Additionally, said subsidiary is the sole shareholder of the company Holaluz Rooftop Revolution, SL.

- Clidom Solar, SL (wholly owned on December 31, 2024) is a sole shareholder limited liability company that was incorporated on April 6, 2018, and is domiciled in Barcelona at Passeig Joan de Borbó, 99-101. Its corporate purpose consists in the purchase and sale, even at an international level, production and commercialization of energy in general, natural gas and telecommunications, even their transfer, regardless of the source of generation and production, the rendering of advisory and engineering services in the fields of energy, environment and telecommunications.

- Clidom Generación, SL (wholly owned on December 31, 2024) 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 consolidated financial statements on December 31, 2024, were prepared, the company is dormant.

- Clidom Energía Ibérica, SL (wholly owned on December 31, 2024, and formerly named Bulb Energía Ibérica, S.L.) is a limited liability company that was incorporated on April 30, 2019, and is domiciled in Barcelona at Passeig Joan de Borbó 99-101, 08039. Its corporate purpose consists in the commercialization and distribution of electricity from renewable sources.

On December 31, 2024, the Parent Company holds an indirect ownership interest in the following companies:

- Holaluz Rooftop Revolution, SL is a sole shareholder limited liability company domiciled in Barcelona at Passeig Joan de Borbó, 99-101. Its corporate purpose is to provide financial support for private projects consisting in the purchase or installation of solar panels and to grant loans and credits (including consumer loans) and other financing transactions for developing the self-consumption business and distributed generation of energy. Its corporate purpose also consists in transactions or activities related or supplementary to the abovementioned ones or any transactions or activities that are necessary or advisable for the development of these activities or favor their development. This company started its activity in June 2021.

- Katae Energía, SL (wholly owned by Clidom Solar, SL at December 31, 2024) is a limited liability company that was incorporated on September 25, 2012 and is domiciled in Lleida at calle Marqués de Leganés, 12. Its corporate purpose consists in (i) the promotion of energy efficiency, sensible use of energy and integration of renewable energies, in households and bioclimatic urban spaces, to adopt a sustainable energy system; (ii) the entire construction, repair, restoration, renovation, rehabilitation and maintenance of buildings and civil works, and the intermediation in all types of real estate transactions.

- Gestión Hidráulica Canarias, SL (wholly owned by Katae Energía, SL on December 31, 2024) is a limited liability company that was incorporated on April 13, 2015, and is domiciled in Santa Cruz de Tenerife at Punta de la Vista, 3. Its corporate purpose consists, among others, in the construction, installation and maintenance of solar heating and cooling systems. The company was acquired by Clidom Katae Energía SL in January 2022.

2. Basis of presentation of the consolidated financial statements

The consolidated financial statements have been prepared from the accounting records of the Parent Company and the companies detailed in point 1.1, applying the Spanish GAAP approved by Real Decreto 1514/2007, of November 16, and amended several times since publication (last time through Real Decreto 1/2021 of January 12), and are presented in accordance with Real Decreto 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 general meeting. It is expected that they will be approved without modification.

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

a) True and fair view

The consolidated financial statements at December 31, 2024 have been prepared in accordance with the regulatory framework for financial information applicable to the Company and established by Spanish GAAP, which were passed by Real Decreto 1514/2007 of November 16, and amended several times since publication (last time through Real Decreto 1/2021, of January 12), and enacting regulations, as well as prevailing mercantile law and, should no disagreement with the former exist, by Real Decreto 437/1998 of March 20, approving the electricity sector adaptation standards.

These consolidated financial statements give a true and fair view of the Group's equity and financial position on December 31, 2024, as well as the results of its operations, changes in equity and cash flows for the year ended December 31, 2024, and have been prepared from the Company's accounting records.

b) Consolidation principles

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

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

The companies composing the Group apply basically the same accounting policies in their separate financial statements and close their business year at December 31, 2024. Reciprocal balances in the balances sheet and the income statement, as well as significant unrealized margins, have been eliminated.

c) Going concern principle

Given the current situation of the Group, there are some circumstances that may cast doubt as to its ability to continue as a going concern. However, there are some mitigating factors.

On December 31, 2024, the consolidated balance sheet shows negative working capital amounting to 56.4 million euros (negative working capital of 44.3 million euros at December 31, 2023). The Group incurred consolidated operating losses amounting to 26.3 million euros (33.6 million euros in 2023), mainly due to the losses from the solar business (subsidiary Clidom Solar, SL). Consequently, the Group incurred net losses amounting to 31.5 million euros (27.7 million euros in 2023). It should be noted that in 2024 no taxable bases have been capitalized in the income tax (9.9 million euros in 2023).

As indicated in Note 23, on March 10, 2025, the Parent Company signed a financial debt restructuring agreement that is pending judicial approval at the date these consolidated financial statements are authorized for issue.

As indicated also in Note 23, the Parent Company has carried out several corporate transactions related to the integration of a new strategic partner, Icosium Investment, S.L. (Note 14.1).

Additionally, on March 13, 2025, the Parent Company and Icosium Investment, S.L. signed a convertible loan for an amount of 15.52 million euros at a conversion price of 2.10 euros per share that has to be paid out no later than April 30, 2025.

The restructuring plan and the convertible loan from Icosium include mutually suspensive clauses in the case that judicial approval to the plan is not obtained or the expected capital increase because of the convertible loan is not carried out.

At the date these consolidated financial statements are authorized for issue, the Parent Company's Management has prepared cash flow projections for the next twelve months, considering mainly the following assumptions:

- - the convertible loan amounting to 15.52 million euros will be paid out.
- - the aforementioned financial debt restructuring agreement will be approved and, hence, the full effectiveness of the new maturities detailed in Note 15 and 23.

The Board of Directors of the Parent Company has prepared the consolidated financial statements under the going concern principle, considering the milestones already achieved, the high expectations that the aforementioned convertible loan already signed will be successfully paid out and that the aforementioned financial debt restructuring plan will be approved, which will allow the Company to develop its business normally and meet the expected payment obligations.

d) Comparison of information

In accordance with prevailing mercantile legislation, for comparative purposes, the figures for the year ended December 31, 2023, have been included for each item of the consolidated balance sheet and the consolidated statement of changes in equity. The notes on the consolidated financial statements also include quantitative and qualitative information at said dates, presented in the balance sheet or the income statement, as appropriate, except where disallowed by an accounting standard.

e) Accounting principles

The Company's consolidated financial statements on December 31, 2024, were prepared in accordance with the generally accepted accounting principles and measurement standards described in section 3 to the explanatory notes. All mandatory accounting principles have been applied.

f) Critical issues concerning the assessment of uncertainty

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

- The capitalization and useful lives of intangible assets (Note 4a and 4b).
- The assessment of possible impairment losses on certain assets (Note 4c).
- The fair value of certain financial instruments (Note 4e).
- Provisions for unbilled income from energy supplied to customers and provisions for expenses for the purchase of energy and cost of tariffs pending invoice (Note 4l).
- The estimated projections for assessing the recovery of tax credits related to deductions (Notes 4g and 18).
- Current and non-current accrued expenses and useful lives of contracts with customers (Note 4n).

Although these estimates were made based on the best information available on December 31, 2024, events may occur in the future that require prospective adjustments (upwards or downwards) to these estimates in subsequent years.

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

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

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

h) Regulatory framework. General overview

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

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

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

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

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

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

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

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

Real Decreto 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 Real Decreto 1995/2000, of December 1, regulating the transmission, distribution and commercialization activities, among others, of RD 900/2015, of October 9, regulating the administrative, technical and economic conditions of the supply of electrical energy with self-consumption models, of Law 15/2012, of December 27, on tax measures for energy system sustainability, and of Law 38/1992 of December 28, on Special Taxes. The most significant items established by this regulation are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

• Bans on electricity or gas shutoffs at the consumers' usual homes were imposed until April 11, a period that was extended to September 20, 2020, through Real Decreto Ley 26/2020.

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

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

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

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

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

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

To mitigate the rise in the prices of gas and electricity in 2021, Real Decreto Ley 12/2021 on urgent energy taxation measures approved to reduce to 10% the tax rate applicable to the value added tax in electricity supply contracts where the power contracted is lower than or equal to 10kW provided that the average arithmetic price of the daily market corresponding to the last calendar month prior to the last day of the billing period is greater than 45 €/MWh during the period comprised between June 26 and December 31, 2021. This period was extended to April 30, 2021, through Real Decreto Ley 29/2021, of December 21, adopting urgent measures on energy to encourage e-mobility, self-consumption and deployment of renewable energies. The period of validity was extended again to December 31, 2022, through Real Decreto Ley 6/2022. This period was extended to December 31, 2022, through Real Decreto Ley 11/2022. Finally, Real Decreto Ley 8/2023, of December 27, adopting measures for dealing with the economic and social impacts of the conflicts in Ukraine and the Middle East, and for mitigating the effects of the drought, establishes the following measures:

- Extension of the VAT rate reduction on energy products, setting a 10% VAT from January 1 to December 31, 2024 for EU deliveries, imports and acquisitions of electricity made in favor of: i) a) holders of electricity supply contracts with contracted power lower than or equal to 10kW regardless of the level of voltage and type of contract, when the average arithmetic price of the daily market corresponding to the last calendar month prior to the last day of the billing period is greater than 45€/MWh; b) holders of electricity supply contracts that are receivers of the electricity social tariff and are recognized as acutely vulnerable consumers and acutely vulnerable consumers at risk of social exclusion.

- From January 1 to March 31, 2024, a 2.5% tax rate has been established for the excise tax on electricity, which will increase to 3.8% from April 1 to June 30, 2024.

- The tax on the value of electricity production (IVPEE by its acronym in Spanish) has been reintroduced during 2024.

- The discount percentages on the electricity social tariff set forth in Real Decreto Ley 18/2022 on anticrisis measures have been extended to June 30, 2024. The temporary application of the electricity social tariff for low-income households that are especially affected by the energy crisis has also been extended to June 30, 2024.

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

Additionally, Real Decreo Ley 17/2021 approved an amendment to the tax rate applicable to the excise tax on electricity effective from September 16 to December 31, 2021, which has been reduced from 5.1% to 0.5%, which is the lowest tax rate allowed by EU regulations, provided that the lowest taxation level is not below 0.5 euros per megawatt-hour, if said electricity is used for professional purposes, and 1 euro per megawatt-hour in the rest of cases. This period was extended to April 30, 2022, through Real Decreto Ley 29/2021 and subsequently it was extended again to December 31, 2022, through Real Decreto Ley 6/2022. This period was extended to December 31, 2022, through Real Decreto Ley 11/2022. The aforementioned information shall be considered, as in accordance with Real Decreto Ley 8/2023, of December 27, a 2.5% tax rate has been established for the excise tax on electricity, which will increase to 3.8% until June 30, 2024.

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

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

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

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

Real Decreto Ley 20/2022, of December 27, on measures for addressing the economic and social consequences of the war in Ukraine and for supporting reconstruction in the island of La Palma and other situations of vulnerability, was passed, extending certain measures previously adopted in the field of energy. Among these measures there is the extension until December 31, 2023, of the reduction in the Value Added Tax (reduced rate at 5%) of deliveries of electricity, natural gas and briquettes or pellets from biomass and tinder used as fuel in heating systems. In the case of electricity, the reduction is limited to EU deliveries, imports and acquisitions of electricity made in favor of: a) holders of electricity supply contracts with contracted power lower than or equal to 10kW regardless of the level of voltage and type of contract, when the average arithmetic price of the daily market corresponding to the last calendar month prior to the last day of the billing period is greater than 45€/MWh; b) holders of electricity supply contracts that are receivers of the electricity social tariff and are recognized as acutely vulnerable consumers and acutely vulnerable consumers at risk of social exclusion; the extension until December 31, 2023 of the reduction in the excise tax on electricity, applying a tax rate of 0.5%; and the extension until December 31, 2023 of taxable income at 0 euros of the Tax on the value of electricity production. All these measures will no longer be in force because of the publication of Real Decreto Ley 8/2023, of December 27, adopting measures for dealing with the economic and social impacts of the conflicts in Ukraine and the Middle East, and for mitigating the effects of the drought.

Finally, Real Decreto Ley 7/2024, November 11, was passed, adopting urgent measures to promote the Immediate Response, Reconstruction and Relaunch Plan addressing the damage caused by the flash floods that struck several towns between October 28 and November 4, 2024, in order to incorporate certain energy measures applicable to the people affected by the floods. Until December 31, 2025, the feed points located in the towns listed in appendix RD 6/2024, of November 5, may adhere to the following measures:

- Temporary suspension of or modification to electricity supply contracts, or extension thereof, to contract another option with the current marketer, and adapt the contracts to new consumption patterns without any penalty whatsoever.

- As from December 31, 2025, and within three months, consumers that had requested the suspension of their supply contracts may request that they are reactivated. Within this three-month period, consumers that have requested a modification to their contracts may request a new modification, or new values in the technical parameters of the third-party network access contract.

- Temporary suspension of supply contracts and third-party network access contracts, in the feed points of any of the towns in the appendix where supply was interrupted because of the floods.

- Exceptionally, and until December 31, 2025:
    - Electricity supply contracts cannot be suspended in the household of a consumer that is a natural person if the household is in any of the listed towns.
    - The owners of the feed points located in the towns listed in the appendix may request that their marketer suspend the payment of the bills corresponding to invoicing periods that contain days integrated into the aforementioned period, including all billing items.

- In the event of postponement of bills, the marketers:
    - will be freed from the duty to pay the tariff for accessing transport and distribution networks and electric system charges corresponding to the bills that the distributing companies requested to be postponed, set forth in paragraph d) of article 46.1 to Law 24/2013, of December 26, on the Electricity Sector, until the consumer settles the bill in full.
    - will have to provide the distributing company with the information on the owners of the feed points, and related Universal Feed Point Code (CUPS by its acronym in Spanish), that have requested that payment be postponed.
    - will be exempt from the settlement of VAT, if applicable, corresponding to the bills the payment of which was suspended in accordance with this measure, until the consumer settles them in full or six months have passed since this royal-decree law came into force.

- Once this postponement period ends, the amounts owed will be adjusted in equal parts in the bills issued by the power marketers, corresponding to the invoicing periods into which the following six months are integrated. The consumers that adhere to the suspension of bills set forth in this article may not change to another power marketer until said adjustment is completed.

i) 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.

2.1 Correction of errors

In July 2024, when the Group filed the 2023 income tax return, it detected that IT deductions arisen in prior years had not been correctly recorded. The Parent Company has corrected this error retroactively, amending the 2023 figures as well as the initial reserves for that year. Thus, corrections to comparative figures for each of the items in the documents comprising the consolidated financial statements are as follows:

- Consolidated Balance Sheet on December 31, 2023

(Thousands of euros)	Debit/(Credit)
Deferred tax assets – Decrease	(2,188)
Reserves – Decrease	696
Profit/(loss) for the year – Decrease	1,492

3. Appropriation of profit/(loss)

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

Proposed appropriation at December 31, 2024	**Euros**
Profit and Loss: Loss	(31,470,328)
Total	**(31,470,328)**
Appropriation to:	
Losses from prior years	(31,470,328)
Total	**(31,470,328)**

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 because of distributing dividends. Accordingly, profit recognized directly in equity cannot be directly or indirectly distributed.

4. Recognition and measurement of 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 are met and are initially measured at acquisition or production cost. Subsequently, they are stated at cost less accumulated amortization and any recognized impairment loss.

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

a.1) Industrial property

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

a.2) Development costs

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

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

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

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

a.3) Software

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

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

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

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

b) Property, plant and equipment

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

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

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

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

Property, plant and equipment	Percentage applied	
	12.31.2024	12.31.2023
Technical installations	10%	10%
Furniture	10%	10%
Data processing equipment	25%	25%
Other items	10%	10%

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

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

The Group assesses at each year's 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 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 assets are provided or received.

e) Financial instruments

e.1) Financial assets

Recognition and measurement

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

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

Financial assets at fair value through profit or loss

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

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

a) It will be acquired for the purpose of selling soon.

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

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

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

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

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

Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

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

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

Financial assets at fair value through equity

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

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

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

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

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

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

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

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

Financial assets at cost

The Group includes in this category:

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

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

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

d) Contributions made because of joint accounting contracts or similar agreements.

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

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

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

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

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

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

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

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

Impairment of financial assets

Debt instruments at amortized cost or fair value through equity

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

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

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

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

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

Equity instruments at fair value through equity

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

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

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

Financial assets at cost

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

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

Interest and dividends received from financial assets

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

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

e.2) Financial liabilities

Recognition and measurement

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

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

Financial Liabilities at amortized cost

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

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

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

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

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

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

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

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

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

Financial liabilities at fair value through profit or loss

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

- These are liabilities held for trading. Financial liability is considered for trading if it meets one of the following conditions:
    - It is issued or assumed mainly for the purpose of repurchasing it in the short term (e.g. bonds or other quoted marketable securities that the company may purchase in the short term based on changes in value).
    - It is an obligation that short sellers must deliver the financial assets that have been lent to them ("short selling").
    - At initial recognition, it is part of a portfolio of identified financial instruments managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.
    - It is a derivative financial instrument, if it is not a financial guarantee contract or has been designated as a hedge.

- Since initial recognition it has irrevocably been designated as at fair value through profit or loss ("fair value option"), since:

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

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

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

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

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

Derecognition of financial liabilities

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

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

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

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

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

f) Hedge accounting

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

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

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

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

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

For measurement purposes, cash flow hedges hedge exposure to variability in cash flow 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.

On the date these consolidated financial statements on December 31, 2023, were prepared, the Group's hedging strategy includes PPAs (Power Purchase Agreements) with producers of renewable plants at a fixed price for a period of 4.5 years (until 2032) that meet the required conditions.

g) Income tax

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

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

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

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

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

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

To determine the amount of deferred tax assets that can be recognized, the directors estimate the amounts and dates on which future taxable profits will be obtained and the reversion period of taxable temporary differences. Deferred tax assets recognized in the consolidated balance sheet on December 31, 2024, amount to 21.9 million euros (22.8 million euros at December 31, 2023), of which 1.5 million euros correspond to 25% of adjustments for changes in value of derivatives that mature after year end. In summary, accumulated tax loss carryforwards and other temporary differences amount to 20.4 million euros on December 31, 2024.

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 a change in value is insignificant.
- They are part of the Group's standard cash management strategy.

i) Grants

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

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

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

j) Provisions and contingencies

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

j.1) Provisions

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

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

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

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

j.2) Contingent liabilities

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

The consolidated financial statements for the year ended December 31, 2024, include provisions when the Group considers that it will more likely than not have to settle related obligations. Provisions are measured at the present value of the best possible estimate of the amount needed to cancel or transfer the obligation to a third party. Contingent liabilities are not recognized in the consolidated balance sheet but disclosed in the notes to the consolidated financial statements.

k) Related-party transactions

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

l)Income and expenses

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Additionally, the company recognizes income from the rendering of services over time as associated costs are incurred.

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

m) Termination benefits

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

n) Accrual of customer acquisition costs

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

These acquisition costs correspond to the incremental costs that the Company would not have incurred had the contract not been concluded.

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

As from January 1, 2023, these costs are accrued over a period of 3.4 years in accordance with the average life of the contracts that the Group signs with its customers. At the end of each year Management assesses the period and makes the corresponding amendments prospectively, where appropriate. Before they were accrued over a period of 4 years.

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

o) Inventory

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

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

p) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer or cancel a liability in an orderly transaction between market participants at the measurement date. Fair value shall be determined without deducting any transaction costs that may be incurred because of derecognition or disposal. The amount a company would receive or pay in a forced transaction, distress sale or involuntary liquidation shall not be considered as fair value.

Fair value is estimated for a certain date and, since market conditions may change over time, fair value may not be appropriate for another date. Additionally, when estimating fair value, the company considers the conditions of the asset or liability that market participants would consider when establishing the price of the asset or liability at the measurement date.

Fair value shall generally be calculated by reference to a reliable market value. Where there is an active market for an item, fair value shall be calculated using models and valuation techniques. For example, by reference to recent arm's length transactions between knowledgeable, willing parties where available, reference to the fair value of other assets that are substantially the same, or using discounted estimated future cash flow methods or models generally used to measure options.

Valuation techniques are consistent with accepted pricing methodologies used in the market. Where possible, the valuation technique used should be that proven to obtain the most realistic price estimates. They must also consider the use of observable market data and other factors that its participants would consider when setting prices, and limit as far as possible the use of subjective considerations and non-observable or non-verifiable data.

The Company shall periodically evaluate the effectiveness of the valuation techniques used, by reference to the observable prices of recent transactions involving the same asset as that being measured, or using prices based on any available and applicable observable market data or indices.

Thus, a hierarchy in the inputs used in determining fair value is deducted and a fair value hierarchy is established to classify estimates into three levels:

- Level 1: estimates that use unadjusted quoted prices in active markets for identical assets or liabilities that the company can access at the measurement date.

- Level 2: estimates that use quoted prices in active markets for similar instruments or other valuation methods for which the relevant inputs are based on directly or indirectly observable market data.

- Level 3: estimates in which significant inputs are not based on observable market data.

A fair value estimate is classified into the same level of the fair value hierarchy as the lowest level input that is significant to the results of the valuation. To that effect, a significant input is an input that has decisive influence on the results of the estimate. When assessing the significance of a specific input to the estimate, specific conditions of the asset or liability being measured are considered.

q) Treasury shares

Treasury shares are recognized in equity as a decrease in "Shareholders' equity" when acquired. No loss or gain is shown in the income statement on sale or cancelation. Income and expenses incurred in connection with transactions with treasury shares are recognized directly in equity as a decrease in reserves.

5. Business combination

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

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

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

No companies have been acquired during the year ended December 31, 2024, or the prior year.

6. Intangible assets

On December 31, 2024, and December 31, 2023, the movements in Intangible Assets are as follows:

Cost	Balance on December 31, 2023	Investments and Charge for the year	Transfers and other	Disposals	Balance on December 31, 2024
Industrial property	18,951	-	-	-	18,951
Development	53,267,885	7,451,030	4,285,713	-	65,004,628
Software	1,533,455	718	-	-	1,534,173
Other intangible assets	677,278	167,131	-	-	844,409
Intangible assets in progress	4,500,000	-	(4,285,713)	(214,287)	-
Total	**59,997,569**	**7,618,79**	**-**	**(214,287)**	**67,402,161**
Accumulated amortization					
Industrial property	(15,035)	(195)	-	-	(15,230)
Development	(23,770,459)	(11,310,083)	-	-	(35,080,541)
Software	(1,303,663)	(70,836)	-	-	(1,374,499)
Other intangible assets	(167,315)	(291,778)	-	-	(459,093)
Total	**(25,256,472)**	**(11,672,892)**	**-**	**-**	**(36,929,363)**
NET TOTAL	**34,741,097**	**(4,054,012)**	**-**	**(214,287)**	***30,472,798***

Cost	Balance on December 31, 2022	Investments and Charge for the year	Transfers and other	Disposals	Balance on December 31, 2023
Industrial property	18,951	-	-	-	18,951
Development	40,237,659	11,523,657	1,506,569	-	53,267,885
Software	1,528,732	4,723	-	-	1,533,455
Other intangible assets	397,479	279,799	-	-	677,278
Intangible assets in progress	6,006,569	-	(1,506,569)	-	4,500,000
Total	**48,189,390**	**11,808,179**	**-**	**-**	**59,997,569**
Accumulated amortization					
Industrial property	(14,840)	(195)	-	-	(15,035)
Development	(15,250,461)	(8,519,998)	-	-	(23,770,459)
Software	(1,223,359)	(80,304)	-	-	(1,303,663)
Other intangible assets	(8,087)	(159,228)	-	-	(167,315)
Total	**(16,496,747)**	**(8,759,725)**	**-**	**-**	**(25,256,472)**
NET TOTAL	**31,692,643**	**3,048,454**	**-**	**-**	**34,741,097**

6.1. Significant movements

Additions in intangible assets recorded during the year 2024 include the capitalization of work carried out by Holaluz Clidom S.A. and Clidom Solar S.L. amounting to 5,201,275 euros (8,805,807 euros at December 31, 2023) and are part of the new technological innovation project (2-year period 2023-24) related to the vertical integration of all the solar business processes, including VPP (*virtual power plants*) projects and *flexible assets* (*EV chargers* and batteries) and the consolidation of the billing by charge project (Fair Tariff) launched in 2022. These projects also include developments by external technology consulting firms amounting to 2.1 million euros (4.2 million euros on December 31, 2023). Additionally, in the first half of 2024 4.2 million euros have been transferred to Development (1.5 million euros at December 31, 2023) corresponding to the second and third phases (completed in 2024) of a development program for escalating and automating the business activities of the subsidiary Clidom Solar, S.L. carried out together with a technology consulting firm.

Based on a unique strategy of two businesses, installation of solar panels and energy management, Holaluz seeks to create the largest green energy community in Europe. The objective is to build a green ecosystem in houses by transforming rooftop square meters into locally sourced 100% renewable electricity producers and optimizing efficiency in household facilities through flexible assets such as electric vehicles chargers and batteries. The generation model proposed by Holaluz maximizes the potential of each rooftop, making it possible through the development of own technology and the use of data to distribute the energy exceeding the self-consumption of the owner of the solar panels to other users, thus democratizing access to locally sourced green energy.

The aim is to contribute to dismantling fossil fuel power plants and building the power grid of the future:

- Electricity is produced and consumed in houses through solar panels and batteries, which guarantees savings in market prices and fixed costs of the system (transport, distribution, etc.).
- Excess is transferred to the local grid so that other customers with no rooftop can benefit from green, cheap locally sourced electricity with no transport or distribution costs.
- Flexible assets such as batteries and electric vehicle chargers allow customers to use locally sourced green energy during the whole day at low fixed costs.

A holistic vision of energy management that consolidates the company's position as a key asset in the solar segment.

Intangible assets in progress include 4.5 million euros on December 31, 2023, corresponding to prepayments to the supplier Mckinsey within a development program for escalating and automating the business activities of the subsidiary Clidom Solar, S.L. During the year 2024 4.3 million euros have been transferred to Development since the project was completed in the first half of the year.

6.2. Intangible assets allocated to CGUs and impairment test

Development assets have been allocated to the following cash-generating units for impairment test purposes:

- Energy Management Cash-Generating Unit.
- Solar Cash-Generating Unit.

On December 31, Development assets allocated to cash-generating units are as follows:

(Thousands of euros)	Energy Management	Solar	Total
2024			
Development			
Cost	48,797,282	16,207,346	65,004,628
Accumulated amortization	(29,465,651)	(5,614,890)	(35,080,541)
Impairment losses	-	-	-
	19,331,631	**10,592,456**	**29,924,087**
2023			
Development			
Cost	43,874,847	9,393,039	53,267,886
Accumulated amortization	(21,953,260)	(1,817,199)	(23,770,459)
Impairment losses	-	-	-
	21,921,587	**7,575,840**	**29,497,427**

The recoverable amount of the Group's intangible assets has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the Board of Directors. The discount rates applied to cash flow projections to determine values in use are 10% for Energy Management and 10.25% for Solar, and cash flows beyond 5 years are extrapolated using growth rates of 2.1% for both Energy Management and Solar.

Projected EBITDA is based on current gross margin, the future impact of physical PPAs arranged by the Group, expected growth in the solar panel installation market and structure costs. EBITDA margin increases over the budget period for anticipated efficiency improvements.

The discount rates used are the interest rate for 10-year public debt instruments, which are adjusted to reflect the specific risk to each CGU. Growth rates are based on long-term rates expected by the industry.

On December 31, 2024, the recoverable amount of the intangible assets of the Energy Management CGU exceeded their carrying amount by 44.0 million euros. The budgeted weighted average EBITDA margin is 8%. Should the CGU be unable to maintain a minimum average EBITDA margin of 3.8%, the CGU's value in use would be reduced to less than its carrying amount. An increase of 4.3 percentage points in this discount rate would give a value in use equal to the carrying amount. Lastly, a decrease in the growth rate to the minimum (0.1%) would reduce the excess between the recoverable amount and the net carrying amount of the Development heading in intangible assets on December 31, 2024, for the Energy Management CGU by 24.2 million euros.

On December 31, 2024, the recoverable amount of the intangible assets of the Solar CGU exceeded their carrying amount by 20.4 million euros. The budgeted weighted average EBITDA margin is 18.3%. Should the CGU be unable to maintain a minimum average EBITDA margin of 12%, the CGU's value in use would be reduced to less than it carrying amount. The value in use would always exceed the carrying amount, even if the discount rate increased substantially and growth rate were very low.

6.3 Other information

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

Account	*Balance at 12.31.2024*	*Balance at 12.31.2023*
Development and Software	10,953,284	8,208,901
Industrial property	14,000	14,000
Total	**10,967,284**	**8,222,901**

No intangible assets are located outside of Spain.

7. Property, plant and equipment

On December 31, 2024, and December 31, 2023, the movements in Property, plant and equipment are as follows:

Cost	Balance on December 31, 2023	Investments and Charge for the year	Business combinations	Disposals	Balance on December 31, 2024
Data processing equipment	1,293,476	10,706	-	(50,800)	1,253,382
Installations	1,362,131	2,804	-	(187,518)	1,177,417
Furniture and office equipment	843,237	0	-	0	843,238
Transport equipment	247,761	0	-	(36,984)	210,777
Total	**3,746,605**	**13,510**	**-**	**(275,302)**	**3,484,814**
Accumulated depreciation					
Data processing equipment	(788,995)	(205,761)	-	44,436	(950,322)
Installations	(809,953)	(169,496)	-	38,751	(881,528)
Furniture and office equipment	(415,709)	(147,615)	-	-	(563,324)
Transport equipment	(85,071)	(48,546)	-	26,115	(166,671)
Total	**(2,099,728)**	**(571.4188)**	**-**	**109,302**	**(2,561,845)**
NET TOTAL	**1,646,877**	**(557,908)**	**-**	**(166,000)**	***922,969***

Cost	Balance on December 31, 2022	Investments and Charge for the year	Business combinations	Disposals	Balance on December 31, 2023
Data processing equipment	1,220,238	73,238	-	-	1,293,476
Installations	902,814	459,317	-	-	1,362,131
Furniture and office equipment	834,469	8,768	-	-	843,237
Transport equipment	247,761	-	-	-	247,761
Total	**3,205,282**	**541,323**	**-**	**-**	**3,746,605**
Accumulated depreciation					
Data processing equipment	(556,828)	(232,167)	-	-	(788,995)
Installations	(272,686)	(537,267)	-	-	(809,953)
Furniture and office equipment	(188,348)	(227,361)	-	-	(415,709)
Transport equipment	(85,071)	-	-	-	(85,071)
Total	**(1,102,933)**	**(996,795)**	**-**	**-**	**(2,099,728)**
NET TOTAL	**2,102,349**	**(455,472)**	**-**	**-**	**1,646,877**

7.1. Significant movements

For the Parent Company, additions in new data processing equipment have been acquired for the renewal of laptops and other computer equipment. Additions in installations correspond to personal protective equipment for installers of Clidom Solar, S.L. and the refurbishment of the warehouses in Barcelona and Madrid (Móstoles). There have been no significant additions in 2024.

On June 17, 2024, the rental agreement on two of the three floors where the Parent Company's headquarters are located was terminated. This is the reason why accelerated depreciation has been applied to the Buildings and Other Installations heading for a net carrying amount of 148,767 euros directly related to said floors.

7.2. Other information

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

Account	*Balance at 12.31.2024*	*Balance at 12.31.2023*
Data processing equipment	418,410	374,026
Furniture	20,031	7,012
Total	**438,441**	**381,038**

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. On December 31, 2024, these potential risks are fully covered by the insurance.

No property, plant and equipment items have been acquired between the group companies on December 31, 2024, or December 31, 2023. No property, plant and equipment items are located outside of Spain.

8. Leases and similar arrangements

8.1. Operating leases

The breakdown of lease expenses is as follows:

Description	Balance at 12.31.2024	Balance at 12.31.2023
Lease expenses	1,251,277	2,302,655
Total	**1,251,277**	**2,302,655**

During the first months of 2024 this heading included operating lease agreements on cars and vans corresponding to the Solar business. Additionally, the parent company holds an operating lease on the offices of the company's headquarters that was terminated for floors 3 and 7 on June 17, 2024.

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

Maturity	12.31.2024	12.31.2023
Within one year	287,061	877,681
Between one and five years	291,003	809,498
Total	**578,064**	**1,687,179**

The Parent Company entered a lease arrangement on its headquarters office on September 1, 2017 that expires in December 2026. On November 19, 2021, a new rental agreement was signed, maturing in December 2026, for extending said offices. On June 17, 2024, this agreement was terminated for two of the three floors.

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

a) Non-current financial investment categories

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

Financial assets at amortized cost Non-current	12.31.2024	12.31.2023
Loans to third parties	720,774	6,666,359
Derivatives	425,999	1,101,325
Other financial assets	442,792	800,414
Total	**1,589,565**	**8,568,098**

Loans to third parties amounting to 0.7 million euros correspond to loans for solar panel installations that the customers will repay in fixed monthly instalments included in their electricity bill over the next 15 years (6.7 million euros at December 31, 2023). These loans were granted for the purpose of starting the activity (June 2021) and as proof of concept for raising an SPV that would make it possible to obtain specific third-party resources and to carry out the business activity rather than using the Parent Company's financing. The monthly installments of the loans are paid by the customers in the electricity bill, with the Parent Company acting as the servicer. Once the installments are received, the servicer (Holaluz-Clidom, SA) settles the installments with the finance company (Rooftop Revolution, SL). No additional loans have been granted since 2023. On June 7, 2024, the Parent Company sold 800 loans for 4.1 million euros within the framework of its dynamic asset management aimed at optimizing its financial position (Note 20.h). This transaction has not affected the daily business of the solar division.

Other non-current financial assets substantially include the deposit given as a lease guarantee on the offices rental maturing in 2026 (133 thousand euros at December 31, 2024 and 141 thousand euros at December 31, 2023), guarantees at MIBGAS (12 thousand euros) and long-term social contributions in Avalis (28.6 thousand euros) and Cajamar (30 thousand euros), security deposits on operating leases on vehicles (15 thousand euros), 179 thousand euros deposited at the OMIP market by the subsidiary Clidomer (488 thousand euros at December 31, 2024 and 2023), among others.

Additionally, there are non-current derivatives amounting to 0.4 million euros (1.1 million on December 31, 2023). The "Derivatives" balance on December 31, 2024, and December 31, 2023, is commented on in Note 17.

b) Current financial investment categories

Current financial investments are classified based on the following categories:

Financial assets at amortized cost Current	12.31.2024	12.31.2023
Other financial assets	2,832,470	2,286,596
Total	**2,832,470**	**2,286,596**

On December 31, 2024, and December 31, 2023 "Other financial assets" mostly corresponds to deposits given as guarantees to the electricity and gas market operators. These detailed balances mainly correspond to the Parent Company.

The "Derivatives" balance on December 31, 2024, and December 31, 2023, is commented on in Note 17.

10. Trade and other receivables

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

Trade and other receivables	12.31.2024	12.31.2023
Trade receivables for sales and services	19,772,020	32,128,333
Other receivables	5,612,257	8,616,602
Receivables from employees	39,725	56,737
Current income tax assets	4,260	8,191
Other receivables from Public Administrations	1,884,747	11,897,496
TOTAL	**27,313,009**	**52,707,359**

On December 31, 2024, the balances related to electricity sales of the Parent Company pending invoice included in 'Trade receivables for sales and services' amount to 12.5 million euros (18.9 million euros at December 31, 2023) and correspond to energy supplied during December, which is invoiced to customers during the first working days of the following month (in this case, January 2025). The Parent Company's operations for billing the electricity commercialization activity consist in issuing invoices for the electricity consumed during the calendar month and sending the corresponding invoices to customers during the first days of the following month. This heading also includes balances receivable for invoices issued by Clidom Solar for solar panel installation amounting to 1.7 million euros (1.1 million euros on December 31, 2023). It also includes 1.4 million euros corresponding to the subsidiary Clidomer Portugal for the sale of electricity (0.6 million euros on December 31, 2023) for its representation business (the proceeds are included with the weekly OMIE settlement).

Other receivables basically correspond to balances pending receipt from OMIE (1 million euros) and CNMC (2.8 million euros) and outstanding settlements of OTC derivatives (1.3 million euros) for the Parent Company.

The balance of receivables from public administrations amounting to 1,885 thousand euros is commented on in Note 19.

b) Impairment losses arising from credit risk

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

Impairment losses due to credit risk	12.31.2024	12.31.2023
Opening impairment losses	(26,331,345)	(15,960,070)
Impairment losses	(3,500,000)	(10,371,272)
Derecognition and reductions	282,000	-
Write-off bad debts	5,811,186	-
Total	**(23,738,159)**	**(26,331,342)**

During the year ended December 31, 2024, the Parent Company has written off uncollectible balances from prior years for an amount of 5.8 million euros, which had been previously set aside in a provision. Consequently, they have had no impact on the income statement for the current year.

11. Inventories

The breakdown of inventories in December 2024 and 2023 is as follows:

	12.31.2024	*12.31.2023*
Commercial inventories	1,014,010	4,144,512
Prepayments to suppliers	130,863	138,377
Total	**1,144,873**	**4,282,889**

The balance of commercial inventories on December 31, 2024, corresponds to the Solar business amounting to 1 million euros (4.6 million euros at December 31, 2023). There is no gas stock in 2024 (1.3 million euros on December 31, 2023). The gas business was discontinued in the last quarter of 2022. However, the Parent Company had to keep a minimum level of stock (a calculation made based on the gas customer portfolio for the past 12 months) until April 2023, when it will be able to sell this mandatory minimum stock. This stock was finally sold in August 2024.

The Group arranges insurance policies to ensure the recoverability of the net carrying amount of its inventories.

Impaired losses on inventories are recorded based on the decrease in the market price of certain raw materials that will not be recovered from the sale of finished products. At year end, the Group has impaired 0.5 million euros corresponding to EV chargers.

On December 31, 2024, and 2023 there were no firm commitments to purchase inventories.

12. Accruals

Current and non-current accruals include customer acquisition costs. The movement in this heading during the year was the following:

	Balance on December 31, 2023	Additions	Accruals income statement	Transfers	Balance on December 31, 2024
Non-current					
Customer acquisition costs	8,971,555	2,404,677	-	(6,980,827)	4,395,405
Total	**8,971,555**	**2,404,677**	**-**	**(6,980,827)**	**4,395,405**
Current					
Customer acquisition costs	12,459,970	1,125,613	(11,354,618)	6,980,827	9,211,792
Total	**12,459,970**	**1,125,613**	**(11,354,618)**	**6,980,827**	**9,211,792**
TOTAL	**18,054,015**	**3,530,290**	**(11,354,618)**	**-**	**13,607,197**

	Balance on December 31, 2022	Additions	Accruals income statement	Transfers	Balance on December 31, 2023
Non-current					
Customer acquisition costs	18,376,562	3,902,177	-	(13,307,184)	8,971,555
Total	**18,376,562**	**3,902,177**	**-**	**(13,307,184)**	**8,971,555**
Current					
Customer acquisition costs	10,919,209	1,614,695	(16,758,628)	13,307,184	9,082,460
Total	**10,919,209**	**1,614,695**	**(16,758,628)**	**13,307,184**	**9,082,460**
TOTAL	**29,295,771**	**5,516,872**	**(16,758,628)**	**-**	**18,054,015**

In 2024 the useful life of customer acquisition costs remained at 3.5 years, resulting in a total capitalized amount for customer acquisition costs of 10.1 million euros at year end.

Current accruals

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

- Sales commissions for an amount of 1,450 thousand euros (1,452 thousand euros on December 31, 2023) for the capitalization of annual customer contracts.
- Insurance premiums amounting to 133 thousand euros (286 thousand euros on December 31, 2023).
- Other general expenses amounting to 478 thousand euros (908 thousand euros on December 31, 2023).
- Additionally, 87 thousand euros are included in the business solar subsidiaries (113 thousand euros on December 31, 2023) corresponding to the portion of costs for uncompleted photovoltaic panel installation projects.

13. Cash and cash equivalents

The breakdown of this caption on December 31, 2024, and December 31, 2023, is as follows:

	12.31.2024	*12.31.2023*
Cash	-	946
Demand current accounts	2,208,628	7,884,756
Total	**2,208,628**	**7,885,702**

Current accounts earn market interest rates.

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

14. Equity

a) Share capital and Treasury shares

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

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

On December 10, 2021, the Parent Company's board of directors, pursuant to the authorization granted by the shareholders in general meeting, and following the board of director's report, resolved to increase capital through monetary contributions waiving pre-emptive subscription rights, for an effective aggregate amount of 7,499,990.04 euros (aggregate nominal amount of 16,292.52 euros and aggregate share premium of 7,483,697.52 euros). Additionally, the Parent Company's board of directors resolved to carry out the capital increase by issuing and putting into circulation 543,084 ordinary Parent Company shares of the same class and series as currently outstanding shares, represented by book entries. The shares are issued at a unit nominal value of 0.03 euros plus a share premium of 13.78 euros per share, giving an effective issue price of 13.81 euros per share. The board of director's agreement envisaged the possibility that the capital increase may be subscribed incompletely and delegates the power to some board directors of establishing the final terms and conditions of the capital increase, among others. On December 28, 2021, a capital increase of 6,699,990.55 euros was carried out (aggregate nominal amount of 14,554.65 euros and aggregate share premium of 6,685,435.90 euros), declaring the subscription incomplete in the amount of 799,999.49 euros. Thus, the capital increase was carried out by the issuance and putting into circulation of 485,155 new ordinary Parent Company shares. This capital increase was subscribed by three qualified investors: Abacon Invest GmbH, Pelion Green Future Alpha GMBH and MDR Inversiones, S.L.

On December 31, 2023, the Parent Company's share capital amounted to 656,661.57 euros, fully subscribed and paid in, and consists of 21,888,719 ordinary shares with a par value of 0.03 euros each.

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

On November 4, 2024, the parent company, Holaluz-Clidom, SA, announced Icosium Investment, SL, an industrial investor committed to advancing energy transition, as its new strategic partner with a 22 million euros investment, structured into several phases and subject to the corresponding approvals. This transaction will enable Holaluz to strengthen its growth strategy. The first phase consists in an investment of 6.48 million euros through a capital increase, issuing new ordinary shares at 1.80 euros per share without preferential subscription rights, using the approval previously given by the shareholders at the Extraordinary General Meeting held on November 9, 2021. This will give ICOSIUM a 14.12% stake in Holaluz-Clidom, SA. and two Board seats. The second phase will consist in an investment of 15.52 million euros. On December 31, 2024, 4.48 million euros of the first phase had been paid out. As the first phase of the capital increase was filed before these financial statements were authorized for issue (Note 24), it has been recorded in the share capital heading (134,400 euros) and share premium heading (4,4345,600 euros), respectively, for the amount paid out before year end, as required by the applicable regulatory framework for financial information. The Parent Company's share capital is currently as follows:

	December 31, 2024	December 31, 2023
Share capital	764,662	656,662
Share capital, uncalled capital	(33,333)	-
	731,329	656,662

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

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

	12.31.2024	*12.31.2023*
Fondo Axon ICT III, FCR de Rég. Simplificado	16.81%	16.81%
ICOSIUM Investment, S.L. (*)	(*)%	-

(*) The Company registered this capital increase in the Mercantile Registry on April 2, 2025. As from that date, the percentages have changed and Icosium Investment, S.L. currently holds 10.21% in the Parent Company's share capital. The ownership percentage held by Fondo Axon ICT III, FCR has decreased to 15.09% (Note 23).

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.

On December 31, 2024 the legal reserve is fully funded.

c) Reserves and share premium

Additionally, the breakdown of consolidated reserves is as follows:

	12.31.2024		12.31.2023	
	Reserves in the Parent	Reserves in consolidated companies	Reserves in the Parent	Reserves in consolidated companies
HOLALUZ-CLIDOM, SA	(6,448,841)		38,144	
CLIDOMER, LDA		(5,369,062)		(3,184,515)
CL. SOLAR, SL		(34,794,241)		(15,395,201)
CL. ITALIA, SRL		(24,313)		(17,905)
CL. FRANCE, SARL		(34,980)		(31,485)
HOLALUZ GENERACIÓN, SL		(4,409)		(5,894)
HL ROOFTOP REVOLUTION, SL		360,135		78,143
CL. GENERACIÓN., SL		(1,291)		(1,201)
KATAE ENERGÍA, SL		(708,640)		(621,769)
CLIDOM ENERGÍA IBÉRICA, SL		(1,010,610)		(967,490)
GESTIÓN HIDRÁULICA CANARIAS, SL		(83,024)		(77,667)
TOTAL RESERVES	**(6,448,841)**	**(41,670,435)**	**38,144**	**(20,224,984)**

The balance of the share premium can be freely distributed, if equity is not lower than share capital or would not become lower than share capital because of distributing it.

d) Transactions with treasury shares

Treasury shares on December 31, 2024, account for 0.42% of the total Company shares (0.27% on December 31, 2023) and amount to 93,369 shares (60,044 shares on December 31, 2023), at an average acquisition price of 1.46 euros per share.

The number of treasury shares in Holaluz Clidom, SA has changed in the period due to the purchase and sale of shares in the market. The losses from this change have been recorded against reserves in accordance with applicable measurement standards.

15. Non-current and current payables

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

	Bank borrowings		Other items	
	12.31.2024	12.31.2023	12.31.2024	12.31.2023
Financial liabilities at amortized cost	16,535,008	15,989,700	3,500,000	1,330
TOTAL	**16,535,008**	**15,989,700**	**3,500,000**	**1,330**

On December 31, 2024, non-current payables amounting to 20.1 million euros (16.0 million euros on December 31, 2023) include:

- 3.0 million euros corresponding to capital pending repayment mainly on ICO loans taken out by the Parent Company in 2020 and 2021 within programs launched by the Government to mitigate the effect of COVID on Spanish companies (7.6 million at December 31, 2023).

- 13.5 million euros (8.3 million euros on December 31, 2023) corresponding to ICO credit facilities taken out by the Parent Company. They correspond to the amounts drawn down on these credit facilities at year end. The credit facilities total 1.6 million euros.

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

- 3.5 million euros corresponding to the Green Commercial Paper Notes maturing after December 31, 2025.

No non-current loans have been taken out in 2024.

The breakdown of "Derivatives" is commented on in Note 17.

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

	Bank borrowings		Other items	
	12.31.2024	12.31.2023	12.31.2024	12.31.2023
Financial liabilities at amortized cost	19,817,406	36,428,183	3,496,519	20,877,490
TOTAL	**19,817,406**	**36,428,183**	**3,496,519**	**20,877,490**

On December 31, 2024, current payables amounting to 19.8 million euros (36.4 million euros at December 31, 2023) include:

- 8.1 million euros corresponding to capital pending repayment on ICO loans taken out by the Company in 2020 and 2021 within programs launched by the Government to mitigate the effect of COVID on Spanish companies, and 1.0 million euros (non-ICO) corresponding to the repayment of a loan granted by ICF.

  During 2024 2 two new loans have been taken out. They mature in the short-term and amount to 819 thousand euros and 871 thousand euros, respectively, within the framework for the negotiation of finance debt with banks. These are guarantees that were executed and subsequently converted into loans to be repaid in accordance with the terms agreed upon in the restructuring plan.

- 7.8 million euros (8.7 million euros at December 31, 2023) corresponding to ICO credit facilities taken out by the Parent Company. They correspond to the amounts drawn down on these credit facilities at year end.

- 3.8 million euros corresponding to ordinary and ICO reverse factoring agreements taken out by the Parent Company. They correspond to the amounts drawn down on these reverse factoring agreements at year end. From the total amount drawn down, 3.3 million corresponds to ICO agreements maturing in 2026. However, this is a short-term product.

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

On September 13, 2024, the Parent Company managed to sign a "Modification, Maintenance, and Other Standstill Measures Agreement in Relation to Certain Financing Instruments" with its primary financial creditors to support the continuity of the Company's ordinary business activities and strengthen the financial structure of its operations, thanks to the broad support of the financial market. Said Standstill Agreement, which matures on December 18, 2024, was renewed until February 18, 2025, then until February 28, 2025, and lastly until March 14, 2025. Finally, the Financial Debt Restructuring Plan was signed on March 10, 2025 (see details in Note 23 Subsequent events).

Green Commercial Paper Note Program

On November 21, 2022, BME's Fixed-Income Market (MARF) registered the first Green Commercial Paper Notes Program of Holaluz-Clidom, SA amounting to 100 million euros. Through this program, the Company has since been able to have flexible access to qualified investors over the next twelve months (and corresponding annual renewals), within a strategy to diversify its financing sources. Holaluz structured the commercial paper notes issued under these Green Commercial Paper Notes Program so that they were considered a green instrument in accordance with the Holaluz Green Finance Framework, whereby the company can issue notes and promissory notes in accordance with the Green Bond Principles 2021 and take out financing agreements in accordance with the Green Loan Principles 2021 of the International Capital Markets Association (ICMA). To that end, Holaluz obtained a favorable opinion from Sustainalytics, which confirms that the Holaluz Green Finance Framework is aligned with the four core ideas integrating both Principles. On December 31, 2024, the balance amounts to 6.7 million euros (19.8 million at December 31, 2023). In October 2024 the Parent Company did not renew the program. The green commercial paper notes in force for 2025 and subsequent years correspond to the notes in force at year end derived from the negotiation of the note that matured in July 2024 amounting to 7 million euros and was restructured into 9 notes maturing on a quarterly basis, until July 2026, and of an increasing amount.

The breakdown of "Derivatives" is commented on in Note 17.

a) Classification by maturity

The breakdown by maturity of bank loans, with fixed or determinable maturity, on December 31, 2024, and December 31, 2023, is as follows:

12.31.2024	2025	2026	2027	2028	Subsequent years	TOTAL
Bank loans	8,132,738	2,422,714	555,775	35,279	-	11,146,506
Credit facilities	7,921,458	10,815,401	2,693,810	-	-	21,430,669
TOTAL	**16,054,196**	**13,238,116**	**3,249,585**	**35,279**	**-**	**32,577,175**

12.31.2023	2024	2025	2026	2027	Subsequent years	TOTAL
Bank loans	7,580,686	4,640,957	2,422,714	555,775	35,749	15,235,881
TOTAL	**7,580,686**	**4,640,957**	**2,422,714**	**555,775**	**35,749**	**15,235,881**

Of the total loan amount, 10.2 million euros outstanding on December 31, 2024, correspond to ICO loans, whose initial capital amounted to 18.3 million euros: 7.2 million euros as current and the rest of the amount as non-current. It should be noted that the classification by maturity of current and non-current payables will be restructured because of the Financial Debt Restructuring Plan (Note on Subsequent events). The breakdown of said maturity is as follows:

12.31.2024	2025	2026	2027	2028	Subsequent years	TOTAL
Bank loans	117,791	1,726,718	3,286,334	6,015,663	-	**11,146,506**
Credit facilities	92,508	786,686	1,497,240	19,054,235	-	**21,430,669**
TOTAL	**210,299**	**2,513,404**	**4,783,574**	**25,069,898**	**-**	**32,577,175**

b) Other information

Current and non-current bank borrowings, which mainly correspond to the Parent Company, are as follows:

12.31.2024			
	Limit (*)	Current	Non-current
Bank loans	18,650,000	8,132,738	3,013,768
Credit facilities	23,030,000	7,921,458	13,509,211
Factoring, reverse factoring and funded payments	7,300,000	3,772,791	-
Credit cards	81,500	(29,023)	-
TOTAL	**49,061,500**	**19,797,964**	**16,522,979**

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

12.31.2023			
	Limit (*)	Current	Non-current
Bank loans	21,225,000	7,580,686	7,655,195
Credit facilities	23,030,000	8,673,351	8,303,489
Factoring, reverse factoring and funded payments	9,050,000	9,014,462	-
Bills discounted	13,000,000	11,103,513	-
Credit cards	218,000	33,987	-
TOTAL	**66,523,000**	**36,405,999**	**15,958,684**

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

In the period comprised between December 31, 2023, and December 31, 2024, the Group reduced the limit available on its net bank borrowings by 17.4 million euros. The discounting bill facilities (SEPA) amounting to 13 million euros were cancelled by the granting entity during the first half of the year. A VAT financing facility of 2 million euros was also cancelled and a reverse factoring facility was not renewed upon maturity.

The loan amount repayable in the long term has decreased (due to the reclassification of existing loans from the long to the short term), and the amount drawn down from long-term facilities has increased by 5.2 million euros. Of the 23 million euros of the limit available on credit facilities at December 31, 2024, 14.3 million euros mature in the long term, as they are ICO lines granted in 2020 and 2021 under a program launched by the Spanish Government to mitigate the effects of Covid on Spanish companies.

Additionally, the Parent Company has lines of security interests and guarantees that have been granted by several financial institutions and surety companies for an overall amount of 26.2 million euros:

- 11.2 million euros of surety lines, from which 5.7 million euros have been drawn down on December 31, 2023 (5.2 million euros drawn down on December 31, 2023).
- 15 million euros of bank guarantees, from which 7.6 million euros have been drawn down on December 31, 2023 (7.7 million euros drawn dow on December 31, 2023).

Security interests, both sureties and bank guarantees, are given to energy suppliers (producers of renewable energies with whom the Parent Company enters into power purchase agreements - PPAs) and market operators (OMIE, OMIP, REE, REN, MIGBAS, etc.) to be able to purchase and commercialize energy.

The interest rate paid by the Parent Company related to bank borrowings is on average Euribor + 2.29% for the first half of 2024 (Euribor + +3.34% on December 31, 2023).

16. Trade and other payables

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

Financial liabilities at amortized cost	12.31.2024	12.31.2023
Suppliers	66,712,986	60,229,032
Other payables	5,913,497	7,567,683
Employee benefits payable	692,310	465,238
Current income tax liabilities	1,715	1,943
Other payables to public administrations (*)	1,251,669	1,637,038
Customer advances (**)	1,583,286	7,218,272
	76,155,463	**77,119,206**

(*) See Note 19

(**) This balance mainly corresponds to Clidom Solar for advance collections from incomplete solar installations, for 1.5 million euros. The income in the income statement is recognized once the installation is completed.

At December 31, 2024 the balances for invoices pending receipt corresponding to supplied electricity included under "Suppliers" amount to 14.9 million euros (27.1 million euros at December 31, 2023), of which 8.5 million euros correspond to invoices pending receipt from the plants (20.3 million euros at December 31, 2023), 4.3 million euros to invoices pending receipt from distributors (4.7 million euros at December 31, 2023) and 1.9 million euros (0.5 million euros at December 31, 2023) to invoices pending receipt from REE (corporation operating the Spanish electricity grid). This applies to the Parent Company.

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

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

	12.31.2024	12.31.2023
Average payment period to suppliers	84	33
Ratio of transactions paid	87	31
Ratio of transactions outstanding	71	44

	12.31.2024	12.31.2023
Total payments made	312,714,384	827,093,247
Total payments outstanding	72,629,483	99,615,735
Monetary volume of invoices paid by the deadline established in late payment regulations	206,391,493	785,469,831
Percentage of payments made by the established deadline over total payments	66%	95%
(Number of invoices)		
Invoices paid by the deadline established in late payment regulations	1,395,847	3,367,153
Percentage over total number of invoices	73%	89%

16.2. Provisions and contingencies

On March 24, 2023, the Company was notified of the resolution by the Energy Authority of the Spanish National Markets and Competition Commission ("CNMC") dated March 16, 2023, whereby it was agreed to start disciplinary proceedings against the Company and 34 other companies for alleged manipulation or attempted manipulation of the wholesale energy market. On April 18, 2023, the Company filed defense allegations against the Agreement for initiating said proceedings. On July 24, 2024, the National Securities Market Commission (CNMV by its acronym in Spanish) issued a ruling on said disciplinary proceedings and found that Holaluz-Clidom, S.A. was not liable and closed the proceedings.

As a group of companies (hereinafter, the Producers) tried to execute the guarantees given by the Company, on July 24, 2024, the Company lodged a request for precautionary measures, which were fully admitted. However, the Producers filed an appeal before the Provincial Court of Barcelona, which is pending ruling at the date of these financial statements.

Holaluz considers that said Producers may have failed to honor the power purchase agreements (PPAs), which would support the imposition of a contractual penalty. On the other hand, the Producers do not agree with this and argue that the Company must pay the penalty.

In connection with this controversy, and because of the Producers' failure to pay the corresponding penalty, the Company started arbitration proceedings before the International Chamber of Commerce on September 27, 2024, and claimed an amount of over twenty million euros. In said arbitration proceedings, the Producers have filed a counterclaim for an approximate amount of four million euros for unpaid invoices and penalty for termination. The arbitration proceedings are currently at an initial stage.
The Company and its legal advisors consider that the counterclaim will not succeed and, consequently, the Company has not recorded any provision in this regard.

17. Hedging transactions using derivative financial instruments

The Parent Company uses derivatives to hedge the risks to which its activities, operations and projected cash flows are exposed. On December 31, 2024, and December 31, 2023, base loads of energy are covered at a fixed price. All of them end in 2027, and meet the requirements detailed in (Note 3f) on measurement policies to be classified as hedging instruments.

Cash flow hedges in force on December 31, 2024, in the Parent Company's balance sheet are as follows:

				Fair value	
Description of the hedge	**Type**	**Entity**	**Underlying**	**Assets**	**Liability**
EEX Power hedge	SWBCCAL25	Investment entity	MWh	-	(6,746,621)
EEX Power hedge	SWBCQ1-25	Investment entity	MWh	-	(25,139)
Over the counter	OTCCAL25	Investment entity	MWh	319,167	-
Over the counter	OTCQ125	Investment entity	MWh	561,258	-
Over the counter	OTCQ225	Investment entity	MWh	-	(100,398)
Over the counter	OTCQ325	Investment entity	MWh	-	(63,274)
Over the counter	OTCQ425	Investment entity	MWh	-	-
Over the counter	OTCJAN25	Investment entity	MWh	63,067	-
Over the counter	OTCFEB25	Investment entity	MWh	-	(98,510)
Over the counter	OTCMAR25	Investment entity	MWh	-	(74,418)
Total				**943,492**	**(7,108,360)**
Net					**(6,164,868)**

Cash flow hedges in force on December 31, 2023, in the Parent Company's balance sheet are as follows:

				Fair value	
Description of the hedge	**Type**	**Entity**	**Underlying**	**Assets**	**Liability**
EEX Power hedge	SWBCCAL25	Investment entity	MWh	-	(6,603,673)
EEX Power hedge	SWBCCAL24	Investment entity	MWh	-	(4,366,498)
EEX Power hedge	SWBCQ1-24	Investment entity	MWh	-	(775,464)
EEX Power hedge	SWBCQ2-24	Investment entity	MWh	-	(77,054)
EEX Power hedge	SWBCQ3-24	Investment entity	MWh	1,040,100	-
EEX Power hedge	SWBCQ4-24	Investment entity	MWh	761,884	-
EEX Power hedge	SWBCMAR-24	Investment entity	MWh	82,830	-
EEX Power hedge	SWBCJAN-23	Investment entity	MWh	-	(488,019)
EEX Power hedge	SWBCFEB-23	Investment entity	MWh	-	(261,404)
Over the counter	OTCCAL24	Investment entity	MWh	1,869,760	-
Over the counter	OTCQ124	Investment entity	MWh	-	(761,384)
Over the counter	OTCQ224	Investment entity	MWh	1,157,299	-
Over the counter	OTCQ324	Investment entity	MWh	216,254	-
Over the counter	OTCQ424	Investment entity	MWh	598,294	-
Over the counter	OTCJAN24	Investment entity	MWh	-	(171,121)
Over the counter	OTCFEB24	Investment entity	MWh	-	(34,205)
Over the counter	OTCMAR24	Investment entity	MWh	-	(49,987)
Over the counter	OTCABR24	Investment entity	MWh	-	(60,705)
Over the counter	OTCMAY24	Investment entity	MWh	-	(54,981)
Over the counter	OTCJUN24	Investment entity	MWh	-	(29,783)
Power Purchase Agreement	CAL22-26	Investment entity	MWh	2,088,074	-
Total				**7,814,495**	**(13,734,278)**
Net					**(5,919,783)**

For accounting purposes, derivatives assets and liabilities have been classified as follows:

Derivatives	**12.31.2024**	**12.31.2023**
NC derivative assets	425,999	1,101,325
C derivative assets	8,260,107	17,097,767
NC derivative liabilities	(82,578)	(6,603,673)
C derivative liabilities	(7,928,268)	(6,544,376)
TOTAL	**675,260**	**5,051,043**

Additionally, on December 31, 2024, the Company's cash account includes -7 thousand euros corresponding to hedging instruments settled before maturity (10.6 million euros at December 31, 2023).

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

	12.31.2024	**12.31.2023**
Amount recognized in equity - Profit / (loss)	(4,405,981)	(4,503,108)
Amount recorded directly in income statement - Profit / (loss)	1,723,030	(23,227,766)
Total	**(2,682,951)**	**(27,730,874)**

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

18. Nature and extent of risks arising from financial instruments

Qualitative information

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

a) Credit risk

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

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

	12.31.2024	12.31.2023
Not due	15,378,959	23,971,653
Past due, not impaired:		
Less than 30 days	1,893,312	5,299,820
30 – 60 days	187,874	270,207
More than 60 days	2,311,875	2,586,653
	19,772,020	**32,128,333**
Doubtful receivables	22,635,708	26,331,345
Impairment losses	(22,635,708)	(26,331,345)
Total	**19,772,020**	**32,128,333**

The impaired balances correspond to bills issued to Parent Company customers in 2023 and prior years that are mostly under legal claim proceedings. The balances on the balance sheet are cancelled as these proceedings are closed, resulting in a non-recurring positive impact on the income statement if the money is recovered. In 2024 the amount of 2.3 million euros of electricity and gas customer bills from prior years, which had previously been impaired in prior years, has finally been written off from the balance sheet.

b) Liquidity risk

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 15b).

c) Market risk

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

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

As for the market price risk of energy, the Parent Company's policy is to arrange hedging financial instruments to minimize fluctuations in the Megawatt-hour (MWh) market price of energy (Note 17) and thus ensure trade margin. Additionally, the company has PPAs and, therefore, future energy purchases are locked at a fixed price.

19. Taxes

The breakdown of this heading in the consolidated financial statements on December 31, 2024, and December 31, 2023, is as follows:

	12.31.2024			
	Debit balances		Credit balances	
Item	Non-current	Current	Non-current	Current
Value Added Tax	-	1,861,487	-	401
Canary Islands general indirect tax	-	15,371	-	221,823
Current income tax assets	-	4,260	-	-
Withholdings and prepayments	-	-		
Deferred tax assets	21,933,086	-	-	-
Deferred tax liabilities	-	-	-	-
Current income tax liabilities	-	-	-	1,715
Electricity tax	-	-	-	1,524
Personal income tax	-	-	-	191,126
Social security agencies	-	6,559	-	836,794
Income tax payable to tax authorities	-	-	-	-
Receivable from tax authorities related to grants	-	1,330	-	-
	21,933,086	**1,889,007**	-	**1,253,384**

12.31.2023				
	Debit balances		Credit balances	
Item	Non-current	Current	Non-current	Current
Value Added Tax	-	11,574,504	-	988
Canary Islands general indirect tax	-	10,873	-	80,290
Current income tax assets	-	8,191	-	-
Withholdings and prepayments	-	-		
Deferred tax assets	22,806,796	-	-	-
Deferred tax liabilities	-	-	-	-
Current income tax liabilities	-	-	-	1,943
Electricity tax	-	-	-	2,077
Personal income tax	-	-	-	460,548
Social security agencies	-	310,789	-	1,093,135
Income tax payable to tax authorities	-	-	-	-
Receivable from tax authorities related to grants	-	1,330	-	-
	22,806,796	11,905,687	-	1,638,981

On December 31, 2024, the VAT receivable includes the portion of VAT from the several regional tax administrations in which the Company pays taxes, and which are pending receipt. During 2024, VAT receivable has substantially decreased as a result of the application of Real Decreto Ley 8/2023, of December 27, whereby all bills issued to the customers of the Parent Company whose contracted power is lower than or equal to 10kW were added 10% VAT provided that the wholesale price for the prior month was higher than 45€/MWh, whereas if the wholesale price for the prior month was lower than 45€/MWh, these contracts were added 21% VAT. At the same time, the VAT input on all invoices received from the several suppliers was 21%. Consequently, during 2024 the Parent Company generated as many VAT receivables from the tax authorities as VAT payables, which has resulted in two basic effects: The first effect is the reduction of the receivables generated in its favor compared to the prior year, while it has recovered all receivables pending collection at December 2023. Additionally, the receivables generated during 2024 have been offset against payments of operational taxes that the Company is liable to. During the year 2024 the companies Holaluz-Clidom, SA, Katae Energía SL and Clidom Solar SL form a Single VAT Group, which allows them to offset positive and negative settlements and reduce the net profit/(loss) to be refunded from or paid to the Spanish tax authorities (see Note “Regulatory Framework”).

Since the year beginning on January 1, 2023, Holaluz Clidom and subsidiaries (Clidom Solar, Katae Energía, Holaluz Generación, Holaluz Rooftop Revolution, Clidom Generación, Clidom Energía Iberica and Gestión Hidráulica Canarias) file a consolidated income tax return, with the company Holaluz Clidom as the parent of the tax group. On December 22, 2022, the Parent Company informed the tax authorities of the formation of said tax group. Also, since the year beginning on January 1, 2023, Holaluz Clidom and its subsidiaries (Clidom Solar, S.L. and Katae Energía, S.L.) have filed VAT in accordance with the VAT group regime under the simplified mode.

The reconciliation of consolidated profit/(loss) before tax corresponding to the consolidated financial statements on December 31, 2024 is as follows:

	12.31.2024		12.31.2023	
	Tax accrued	**Tax payable**	**Tax accrued**	**Tax payable**
Profit/(loss) before income tax	(31,470,328)	(31,467,838)	(37,617,644)	(37,617,644)
Consolidation adjustments	(13,046,522)	(9,046,522)	2,650,355	2,650,355
Correction to profit/(loss) (foreign subsidiaries)	2,493,273	2,490,783		
Permanent differences	785,042	785,042	712,692	712,692
Temporary differences	15,946,023	11,946,023	3,031,003	3,031,003
Unused 2023 tax loss carryforwards (recovery)	(1,586,410)	(1,586,410)		
Unused tax loss carryforwards, additional provision			15,864,545	15,864,545
Unused 2024 tax loss carryforwards	12,646,248	12,646,248		
Preliminary tax result	**(14,232,675)**	**(14,232,675)**	**(15,359,048)**	**(15,359,048)**
Total tax liability (25% of tax result)	(3,558,169)	(3,558,169)	(3,839,762)	(3,839,762)
Adjustment tax rate foreign subsidiaries			(609,359)	(609,359)
Deductions			(1,635,909)	-
Other items				
Deferred assets Temporary differences			(5,365,556)	-
Net tax payable	**(3,558,169)**	-	**(11,450,586)**	-
Withholdings and prepayments	-	(621)	-	(3,654)
Correction of deductions (Note 2.1)			(1,492,238)	
Non-capitalization of 2024 tax loss carryforwards	3,558,169			
Income tax expense / Income tax (refund) / payable	**0**	**(621)**	**(12,942,824)**	**(3,654)**

Deferred tax assets recorded

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

	12.31.2024		12.31.2023	
Item	Amount	Maturity	Amount	Maturity
Tax credits related to unused tax loss carryforwards	11,029,875		12,311,548	
Arisen in 2016 and prior years				
Arisen in 2017	59,158		-	
Arisen in 2018	288,068		73,041	
Arisen in 2019	528,509		528,509	
Arisen in 2020	128,290		128,290	
Arisen in 2021	1,208,197		2,583,839	
Arisen in 2022	4,548,690		4,548,690	
Arisen in 2023	4,269,017		4,449,179	
Unused deductions:				
2016-17 deduction for IT	144,047	2,034	-	2034
2017-18 deduction for IT	259,637	2,035	-	2035
2018-19 deduction for IT	282,991	2,036	245,929	2036
2019-20 deduction for IT	384,843	2,034	384,843	2034
4Q 2020 deduction for IT	100,832	2,038	100,832	2038
2021 deduction for IT	923,041	2,039	923,041	2039
2022 deduction for IT	1,158,568	2,040	1,158,568	2040
2023 deduction for IT	689,409	2,041	689,409	
2024 deduction for IT				
2014-15 deduction for donation	729	2,024	729	2,024
2015-16 deduction for donation	1,925	2,025	1,925	2,025
2016-17 deduction for donation	2,275	2,026	2,275	2,026
2018-19 deduction for donation	4,350	2,028	4,350	2,028
2021 deduction for donation	24,815	2,031	24,815	2,031
2022 deduction for donation	19,250	2,032	19,250	2,032
2023 deduction for donation	72,282	2,033	72,282	2,033
2024 deduction for donation				
Adjustment for derivatives	1,468,660		1,501,036	
		2,033		
Temporary differences				
2013-19 Amortization (25%)	-	2025-2033	408	2025-2033
Deferred assets Temporary differences	5,365,556	2,033	5,365,556	2033
Total	**21,933,086**		**22,806,796**	

Technological innovation deductions derive from the technological transformation project that the Parent Company is developing (Note 6) and independent experts have certified that they meet the R&D&I requirements set forth in article 35 of Law 27/2014, of November 27, on the Income Tax.

The Group estimated the taxable profits which it expects to obtain over the next ten fiscal years (the period for which it considers the estimates to be reliable) based on the business and strategic plan. It also analyzed the reversal period of taxable temporary differences, identifying those that reverse in the years in which unused tax loss carryforwards may be used. Based on this analysis, deferred tax assets for unused tax loss carryforwards have been recognized, as well as deductible temporary differences for which it is considered probable that sufficient taxable profit will be generated in the future against which they can be utilized. Accordingly, the Company has decided not to capitalize the deferred tax assets generated during the fiscal year 2024.

On January 16, 2024, an amendment to model 200 tax returns for the year 2022 was submitted to the tax authorities because of ruling 11/2024 issued on January 18, 2024, by the Constitutional Court on the Unconstitutionality Issue 2577-2023. This ruling rendered null and void the limitation on the offset of tax losses established by Real Decreto Ley 3/2016. On the date these financial statements were authorized for issue, the estimate of the amendment requested has been received. Consequently, the Company has included the corresponding impact on the deferred tax assets. The impact estimated by the tax authorities is an increase in deferred tax assets related to technological innovation amounting to 440,746 euros and the full utilization of the company's tax losses for 2022 and prior years. Lastly, after a comprehensive review of the deferred tax assets corresponding to technological innovation projects, an adjustment against 2023 has been recorded to give a true and fair view in accordance with the Company's tax policy, as indicated in Note 2.1.

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. On December 31, 2024, the Parent Company is open to inspection for the income tax for 2019 and subsequent years and for all other applicable taxes for 2020 and subsequent years. The Parent Company's directors consider that all applicable taxes have been duly paid so that even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the treatment applied, the resulting potential tax liabilities, in the event that they materialize as a result of a tax inspection, would not have a material impact on the consolidated financial statements for the year ended December 31, 2024.

20. Income and costs

a) Turnover

The distribution of revenue by activity category is as follows:

Activities	12.31.2024	12.31.2023
Commercialization of electricity	168,969,007	256,342,767
Commercialization of gas	582,271	1,845,788
Representation of electricity	89,251,527	331,467,483
Solar segment sales	12,204,102	24,906,482
Total	**271,006,907**	**614,562,520**

Revenue has been entirely generated in Spain, except for 20.7 million euros (36.9 million euros on December 31, 2023) corresponding to electricity representation in Portugal.

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

The Parent Company discontinued the gas business in the last quarter of 2022. The sales recorded in the first weeks of 2023 correspond to bills for the termination of contracts, issued according to the reading provided by the distributor (adjustments to prior bills that were issued based on estimated consumption) and the sales recorded in 2024 consist in the sale of the entire stock sold in August.

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

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

b) Cost of sales

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

Net purchases	***12.31.2024***	***12.31.2023***
Purchases of electricity from the market	121,131,466	195,944,717
Purchases of gas from the market	1,169,302	6,668,093
Purchases of electricity for representation	92,525,914	341,586,992
Costs of financial derivatives	6,583,165	(5,100,132)
Purchase of equipment for solar segment sales	6,817,299	12,676,509
Total	**228,227,146**	**551,776,179**

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

For the year 2024 and 2023, because of the termination of the gas business in the last quarter of 2022, the "purchase of gas from the market" heading does not include any gas procurement. For the year 2023 the costs amounting to 6.6 million euros include: i) credit notes issued to customers in the first weeks of 2023 when the final meter readings at the date of termination of the contract were received (adjustments to prior bills that were issued based on estimated consumption), and ii) loss from the sale of a portion of the stock accumulated since 2022 year end as it was not consumed by gas customers.

c) Employee benefits expense

The breakdown of this heading in the consolidated financial statements on December 31, 2024 and 2023 is as follows:

Employee benefits expense	*12.31.2024*	*12.31.2023*
Wages and salaries	16,223,715	28,857,934
Social Security paid by the company	4,789,368	9,127,691
Termination benefits	1,449,763	1,347,336
Total	**22,462,845**	**39,332,961**

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

As detailed in Note 22, the Company's headcount has decreased by 171 employees, with a direct impact on personnel expenses, which have dropped substantially, since the average headcount has also decreased from 608 in 2023 to 377 in 224. The "Termination benefits" heading includes a provision amounting to 0.6 million euros corresponding to termination benefits paid to employees who did not adhere to the substantial amendment to the employment contract that came into effect in January 2025 and was communicated and negotiated with the Workers Committee of the Company as from the last quarter of 2024.

d) External services

The breakdown of this heading in the consolidated financial statements on December 31, 2024 and 2023 is as follows:

External services	*12.31.2024*	*12.31.2023*
Leases (*)	1,530,274	2,302,655
Repairs and maintenance	79,017	125,534
Independent professional services	5,826,378	5,869,069
Transportation services	85,640	110,858
Insurance premiums	1,382,479	777,118
Bank services	921,750	1,050,722
Publicity, advertising and public relations	15,459,727	24,810,205
Utilities	426,062	531,677
Other services	7,783,469	11,334,386
Total	**33,494,796**	**46,912,224**

(*) note 7.1 (leases)

On December 31, 2024, the 'Publicity, advertising and public relations' heading includes 12.2 million euros corresponding to accruals of customer acquisition costs (18.4 million euros at December 31, 2023).

e) Depreciation and amortization

The breakdown of this heading in the consolidated financial statements on December 31, 2024, and 2023 is as follows:

	12.31.2024	*12.31.2023*
Property, plant and equipment	571,418	996,796
Intangible assets	11,672,892	8,759,725
Total	**12,244,310**	**9,756,521**

f) other gains/(losses)

The breakdown of this heading in the consolidated financial statements on December 31, 2024, and 2023 is as follows:

	12.31.2024	*12.31.2023*
Non-recurring expenses	2,977,104	1,765,171
(Non-recurring income)	(1,015,530)	(742,460)
Gains/(losses) on disposals	116,046	-
Total	**2,077,620**	**1,022,711**

"Non-recurring income" includes a compensation amount for the early termination of a PPA contract of 0.5 million euros and 0.4 million euros of penalties settled by the producers that have terminated their contract with the Parent Company before maturity. "Non-recurring expenses" corresponds to adjustments not related to the main activity of the Company.

g) Finance costs

The breakdown of this heading in the consolidated financial statements on December 31, 2024, and 2023 is as follows:

	12.31.2024	*12.31.2023*
Interest on payables	3,167,325	4,100,370
Interest in discounted bills at other financial institutions	131,912	154,399
Other finance costs	430,675	135,886
Total	**3,729,912**	**4,390,656**

The decrease in finance costs is mainly due to the costs from the financing obtained in the Green Commercial Paper Notes Program on MARF, started in November 2022 and renewed in October 2023, and with a volume of outstanding notes in 2024 significantly lower than in prior years.

Other finance costs mainly include 237 thousand euros corresponding to finance costs related to hedging instruments.

h) Impairment losses and gains (losses) on disposals of financial instruments

The breakdown of the "Impairment losses and gains/(losses) on disposals of financial instruments" consolidated heading on December 31, 2024, and 2023 is as follows:

	12.31.2024	*12.31.2023*
Short-term credit losses, other companies	1,385,864	-
Total	**1,385,864**	**-**

The loss of 1.4 million euros comes from the sale of 800 loans corresponding to the loan transactions of solar panel installations within the framework of dynamic asset management aimed at optimizing the financial position of the group.

i) Segment information

The Group classifies its management activity into the following segments:

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

The Group's financial information by operating segment for the consolidated financial statements on December 31, 2024 and 2023 is as follows:

12.31.2024	Commercialization	Representation	Subtotal Energy Management	Solar	TOTAL
Revenue	169,551,278	89,251,527	258,802,805	12,204,102	271,006,907
Change in inventory	-	-	-	(1,856,858)	(1,856,858)
Work performed and capitalized	2,872,081	-	2,872,081	2,329,194	5,201,275
Cost of sales	(130,740,791)	(92,525,914)	(223,266,705)	(4,960,441)	(228,227,146)
Employee benefits expense	(9,230,789)	-	(9,230,789)	(13,232,056)	(22,462,845)
Other operating income and expenses	(28,857,907)	(16,925)	(28,874,832)	(6,833,018)	(35,707,850)
Other gains and losses	(1,442,617)	(37,589)	(1,480,205)	(597,414)	(2,077,620)
Depreciation and amortization	(8,138,633)	-	(8,138,633)	(4,105,677)	(12,244,310)
OPERATING PROFIT/(LOSS)	**(5,987,377)**	**(3,328,901)**	**(9,316,278)**	**(17,052,169)**	**(26,368,447)**
Finance profit/(loss)	(1,439,781)	-	(1,439,781)	(3,662,100)	(5,101,881)
PROFIT/(LOSS) BEFORE TAX	**(7,427,157)**	**(3,328,901)**	**(10,756,059)**	**(20,714,269)**	**(31,470,328)**
Segment assets	76,007,248	6,658,685	82,665,933	27,632,552	110,298,486
Segment liabilities	76,007,248	6,658,685	82,665,933	27,632,552	110,298,486

12.31.2023	Commercialization (electricity & gas)	Representation (electricity)	Subtotal Energy Management	Solar	TOTAL
Revenue	258,188,556	331,467,482	589,656,038	24,906,482	614,562,520
Change in inventory	-	-	-	(2,128,729)	(2,128,729)
Work performed and capitalized	4,329,465	4,329,465	4,329,465	4,476,342	8,805,807
Cost of sales	(197,512,677)	(341,586,992)	(539,099,669)	(10,547,781)	(549,647,450)
Employee benefits expense	(27,659,292)	-	(27,659,292)	(11,673,669)	(39,332,961)
Other operating income and expenses	(44,571,668)	(46,783)	(44,618,451)	(10,446,181)	(55,064,632)
Other gains and losses	(395,864)	(435,906)	(831,770)	(190,941)	(1,022,711)
Depreciation and amortization	(7,479,255)	-	(7,479,255)	(2,277,266)	(2,277,266)
OPERATING PROFIT/(LOSS)	**(15,100,736)**	**(10,602,198)**	**(25,702,934)**	**(7,881,744)**	**(33,584,677)**
Finance profit/(loss)	(3,915,067)	(57,152)	(3,972,219)	(60,748)	(4,032,967)
PROFIT/(LOSS) BEFORE TAX	**(19,015,803)**	**(10,659,349)**	**(29,675,152)**	**(7,942,492)**	**(37,617,644)**
Segment assets	125,106,609	9,816,952	134,923,561	39,501,499	174,425,060
Segment liabilities	125,106,609	9,816,952	134,923,561	39,501,499	174,425,060

21. Information on environmental issues

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

Consequently, no investments have been made for environmental matters during the years 2024 and 2023.

22. Related-party transactions

Group transactions in 2024 and 2023 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
Geroa Pentsionak EPSV (*)	Shareholder and Director
Fondo Axon ICT III, FCR	Shareholder
Axon Capital e Inversiones, SGECR (*)	Director
Elena Gómez del Pozuelo	Director
Enrique Tellado Nogueira (**)	Director
Eduardo Soler Vila (**)	Director

(*) Members of the Board of Directors until June 28, 2024.
(**) Enrique Tellado Nogueira was a member of the Board of Directors until March 19, 2024, when Eduardo Soler Vila joined the Board.

a) Directors and senior executives

The remuneration accrued by the members of the Parent Company's Board of Directors for 2024, in their capacity as board members and for their employment relationship with the Company, total 749 thousand euros (954.3 thousand euros in 2023). Senior executive duties are carried out by members of the Board of Directors.

On December 31, 2024, and 2023 the Parent Company had no pension plans or life insurance policies for former or current members of the Board of Directors.

On December 31, 2024, and 2023, no advances or loans had been given to the members of senior management or the Board of Directors, nor had any guarantees been given on their behalf.

On December 31, 2024, director's liability insurance premiums for damages arising in the performance of director duties have been paid for an amount of 116 thousand euros (19 thousand euros at December 31, 2023).

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

b) Other information

The average headcount in the Group for the years 2024 and 2023 and at both year ends by category and the breakdown of headcount by gender at year end is as follows:

Headcount on December 31, 2024:

December 31, 2024				
		Headcount		
Professional Category	Number of employees	Men	Women	Disabled employees >33%
Management team	12	8	4	-
Middle managers and qualified technicians	98	64	34	1
Operations, sales and administrative staff	182	102	80	4
Total	**292**	**174**	**118**	**5**

Average headcount from January 1, 2023, to December 31, 2024:

December 31, 2024				
		Headcount		
Professional Category	Number of employees	Men	Women	Disabled employees >33%
Management team	14	9	5	-
Middle managers and qualified technicians	125	78	47	1
Operations, sales and administrative staff	239	136	103	5
Total	**378**	**223**	**155**	**6**

Headcount on December 31, 2023:

December 31, 2023				
		Headcount		
Professional Category	Number of employees	Men	Women	Disabled employees >33%
Management team	15	10	5	-
Middle managers and qualified technicians	152	92	60	1
Operations, sales and administrative staff	296	170	126	7
Total	**463**	**272**	**191**	**8**

Average headcount from January 1, 2023, to December 31, 2023:

December 31, 2023				
		Headcount		
Professional Category	Number of employees	Men	Women	Disabled employees >33%
Management team	38	25	14	2
Middle managers and qualified technicians	299	175	124	2
Operations, sales and administrative staff	271	164	107	6
Total	**608**	**364**	**245**	**10**

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

The fees received during the year for services provided by the Group's auditor of the consolidated and separate financial statements are as follows:

	2024	2023
Audit services	151,800	141,200
Parent Company	107,500	100,000
Investees	44,300	41,200
Other services provided by the auditor required by applicable regulations	32,000	30,000
Other assurance services	16,995	17,160
	200,795	**188,360**

In addition, the fees received during the year for services provided by other firms belonging to the auditor's international network are as follows:

	2024	2023
Tax services	14,900	14,190
Other services	170,560	293,456
	185,460	**307,646**

23. Subsequent events

Financial debt restructuring plan

On March 10, 2025, the Parent Company signed an agreement to restructure its financial debt (which includes loans, working capital instruments, commercial papers on the MARF and bank guarantees) through the approval of a Restructuring Plan approved by the financial institutions by a majority that widely exceeded that required by applicable legislation. At the date these financial statements were signed, said Plan has been submitted for judicial approval. The Plan is based on the full repayment of the credits, as there are no reliefs or reductions thereon, and allows the Company to keep jobs (as it does not include any measure regarding employment). The breakdown of the new bank debt maturity, on December 31, 2024, would be as follows:

December 31, 2024	2025	2026	2027	2028	TOTAL
Bank loans	117,791	1,726,718	3,286,334	6,015,663	**11,146,506**
Credit facilities	92,508	786,686	1,497,240	19,054,235	**21,430,669**
TOTAL	**210,299**	**2,513,404**	**4,783,574**	**25,069,898**	**32,577,175**

The Plan will be fully effective upon judicial approval and upon the full pay-out of the investment committed by Icosium Investment, SL (by virtue of the Investment Agreement announced to the market on November 4, 2024). Consequently, current and non-current payables in the consolidated balance sheet on December 31, 2024, will no longer be valid and the new maturities agreed in the Plan will come into force when said Plan becomes fully effective after it is approved (the "Subsequent events" note includes a table of the new maturities).

Convertible loan

On March 13, 2025, the Parent Company and Icosium Investment, SL signed a convertible loan for an amount of 15.52 million euros at a conversion price of 2.10 euros per share that has to be paid out no later than April 30, 2025. The loan was granted with the purpose of stabilizing existing debt obligations with suppliers, strengthening the Group's cash position to finance daily working capital, and improving the Company's operational platform for natural gas and other green energies. The loan is mandatorily convertible into newly issued ordinary shares of Holaluz of the same class and series and with identical rights as those currently in circulation.

Furthermore, the founding shareholders of the Parent Company have committed to Icosium Investment, SL, simultaneously with the subscription of the Loan, to exercise all voting rights attributed to them in such capacity at the General Shareholders' Meeting of the Parent in favor of a capital increase by offsetting credits and the delegation of its execution to the Board of Directors of the Parent Company; and in their capacity as directors, to hold a board meeting and vote in favor of the execution of said capital increase.

Capital increase of 6.5 million euros from Icosium

The Board of Directors of the Parent Company, exercising the delegation conferred by the extraordinary general shareholders' meeting of the Company held on November 9, 2021, at its meeting on October 24, 2024, approved a capital increase of the Company with an aggregate nominal amount of 108,000 euros and an aggregate share premium of 6,372,000 euros, representing an aggregate effective amount of 6,480,000 euros. During the 2024 Icosium Investment, S.L. paid out 4,480 thousand euros. On December 31, 2024, 2 million euros have not yet been paid out.

After Icosium Investment, SL fully subscribed and paid out all the capital, on March 18 the Capital Increase was executed through the issuance and circulation of 3,600,000 new ordinary shares of the Parent Company of the same class and series as those currently in circulation. The new shares were issued at a unit nominal value of 0.03 euros plus a share premium of 1.77 euros per share, resulting in an effective issue price of 1.80 euros per share.

As a result of the Capital Increase, the share capital of Holaluz-Clidom, S.A. has been set at 764,661.57 euros, divided into 25,488,719 shares with a nominal value of 0.03 euros each, all belonging to a single class and series.

The Company registered this capital increase in the Mercantile Registry on April 2nd, 2025. As required by accounting regulations, the portion paid out before year end has been recorded on December 31, 2024 (Note 14.1).

AUTHORIZATION FOR ISSUE BY THE PARENT COMPANY'S MANAGEMENT BODY OF THE 2024 CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to prevailing legislation, the 2024 consolidated financial statements have been authorized for issue by the Directors of HOLALUZCLIDOM, S.A.

Additionally, the Directors hereby confirm that they have put their handwritten signatures to the aforementioned documents by signing this single-sided page that accompanies the consolidated financial statements, which have been drawn up from page 1 to page 71.

Barcelona, April 14, 2025

_____	_____
Ms. Carlota Pi Amorós Chair	Mr. Ferran Nogué Collgròs
_____	_____
Mr. Oriol Vila Grifoll	Mr. Eduardo Soler Vila
_____	
Ms. Elena Gómez del Pozuelo	

HOLALUZ - CLIDOM, S.A.

Management report on the consolidated annual accounts for the year ended December 31st, 2024

Management Report

(Translation of consolidated management report originally issued in Spanish)

BUSINESS PERFORMANCE AND SITUATION OF HOLALUZ GROUP

Holaluz is a technology company born with the firm purpose of decarbonising the economy and achieving a planet that moves thanks to green energy. To achieve this, it proposes a structural change: transforming the current centralised and polluting energy generation model into a **decarbonised, democratised and affordable clean energy ecosystem thanks to distributed energy** through **The Rooftop Revolution**.

This initiative maximises the company's positive impact while democratising access to affordable, zero-kilometre green energy. And it does so in a disruptive way, with a radical change in the way energy is produced, consumed and managed in the land of the sun (Spain), realising the potential to electrify the demand of energy through the development of distributed solar energy and storage at scale. Customers can benefit from better tariffs, while generating and consuming 100% green electricity, and the system reduces their need for investment in transmission and distribution networks, minimizing losses by requiring fewer large-scale centralized production assets.

To date, Holaluz manages more than 15,237 rooftops in green energy producers connected to the grid and consolidates a *portfolio* of more than 300,000 electricity contracts (including electricity supply contracts, surplus management contracts for solar installations and maintenance contracts). In addition, the company holds the number one position in terms of savings, with an average of 70% reduction in electricity bills for existing customers and offering a bill of less than 0 euros for more than 40% of new solar customers. It also has the highest solar customer satisfaction, with a score of 8.7 out of 10 and a 4-star rating (4.1/5) on Trustpilot.

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

The company operates in Spain, and it has operating licences in Portugal. In its commitment to the proximity economy, most of the suppliers producing renewable electricity are in Spain.

The road to distributed generation

Climate change is the greatest challenge we face today. This is why **distributed generation** is important, as it makes it possible to **decarbonise all the energy consumption of the Spanish residential sector and SMEs**, by solving its five main challenges:

1. Replacing fossil fuels with renewable energy production sources: Distributed generation in Spain has great potential, allowing the installation of renewable energy systems on the **10 million residential rooftops available**. However, only 5% of these roofs have generation systems, compared to more than 20% in many European countries (UK, France, Belgium, Germany, the Netherlands and Scandinavian countries).

2. Solar power has become one of the main sources of renewable energy globally, alongside wind, and **distributed generation is expected to overtake utility-scale solar in Europe**, contributing the largest new capacity to the EU's renewable mix in the coming years.

3. Electrification of growing energy demand: Distributed generation **makes it possible to electrify energy consumption locally, helping millions of families to significantly reduce their bills**.

4. The increased need for flexibility to operate a 100% renewable system: Distributed generation improves system flexibility by coordinating decentralised energy resources in virtual power plants (VPPs). Its advantages over centralised generation include **better economic return, lower investment cost, outage protection and system flexibility**.

5. In addition, distributed energy is installed in less time than centralised generation, the latter having a high environmental impact.

6. An environmentally friendly and socially beneficial energy transition. Distributed generation has a minimal environmental impact by using existing rooftops for installation and **transfers the economic benefits of decarbonisation to the people**.

7. Distributed generation requires **less investment in transmission and distribution networks** than a centralised model as it **eliminates the 18% cost overrun for domestic customers** due to system losses in electricity transmission (CNMC, 2020)[1] and the need for investment in networks as the energy is produced in the area where it will be consumed.

[1] Circular 3/2020, of 15 January, of the National Commission for Markets and Competition, which establishes the methodology for calculating electricity transmission and distribution tolls.

In 2024, Holaluz published the report The Rooftop Revolution on distributed energy in Spain, which explains how distributed generation **is the solution to the five main challenges of decarbonisation**. Our country can take advantage of its renewable potential **leading the distributed generation model**. And Holaluz has the **necessary solutions and technologies to carry out this purpose**, and that is what we are dedicating all our efforts to.

An impactful business model and a unique value proposition

Holaluz's distributed generation model proposes to maximise the potential of each rooftop, to **move from a** centralised, expensive, polluting **oligopoly** with little consumer participation **to a** decentralised, decarbonised, democratised and affordable **clean energy grid**.

This proposal for maximums allows the distribution of the generated solar energy beyond self-consumption and is the basis for preparing consumers for the necessary future electrification of demand.

With this proposal, Holaluz offers:

- **Savings**: **Maximum savings** (+70% savings for +75% of customers) are delivered to customers by maximising the potential of rooftops through **remote energy management of flexible assets** such as batteries, EV chargers or heat pumps.
- **Subscription model:** Holaluz is the only company that guarantees savings to customers after the installation of solar panels through a **fixed monthly subscription model** ('Tarifa Justa') thanks to the intensive use of technology and data.
- **Comprehensive customer relationship**: Management of the **installation** process from start to finish, ensuring a personalised approach and continuous monitoring with the highest standards of quality and customer satisfaction. The installation is constantly monitored thanks to a **technological platform and a maintenance service** to ensure the maximum production.
- **Sustainability**: Guarantee that all electricity is **100% renewable**, supplied by both local customers and from independent producers through long-term contracts (PPAs).

The green electricity subscription model: 'Tarifa Justa'

The Tarifa Justa was the first green electricity subscription model in Spain. In 2023, the transition of the electricity portfolio to the 'Tarifa Justa' product was completed and next the option was enabled to Solar customers. 2024 was the year of its consolidation and expansion: specifically for customers with a solar installation and battery, the Tarifa Justa 0€ for 5 years was launched.

The key principles of the Tarifa Justa are: (i) **customisation** (a fee is paid adjusted to the consumption of each customer, considering both consumption and the savings from solar panels); (ii) **protection** (the same amount is paid every month thanks to the shielding of the electricity price and surpluses for 12 months, refunding the excess fee if the customer has overpaid compared to the actual net consumption); iii) **simplicity** (Holaluz takes care of everything, monitoring the consumption thanks to the advanced use of data); iv) **guaranteed savings per contract** (for customers with solar panels, the production of the panels is guaranteed in the monthly fee).

This change has led to **multiple benefits**: i) **improved customer experience** (given the predictability and simplicity of the 'Tarifa Justa'); ii) **significant operational efficiencies** (reducing direct *call centre* costs by 29% year-on-year by minimising customer contact needs given the simple nature of billing); and iii) **improvements in *churn rate* and lower defaults** attributable to increased customer satisfaction.

Technology and Data

For Holaluz, data and technology are an essential lever to make the company's purpose possible. To this end, both areas have an **organic role** within the organisation, being able to contribute to strategic value internally and externally.

Following the consolidation of the Data area in 2023, in 2024 we have continued to develop projects to **create value** for the entire customer portfolio, **generating additional revenues and maximising commercial efficiency**, with a special focus on areas of: (i) **sales and marketing** (projects to detect areas with higher propensity to purchase and greater interest in products, thus enabling optimisation of resources to capture more qualified leads); (ii) **control and improvement of the commercial margin** (development of AI algorithms based on consumption patterns and customer characteristics to generate more adjusted and individualised quotas per customer and predict future behaviour); and (iii) **operations** (use of data to detect incidents and carry out corrective actions at all levels to improve customer satisfaction).

The Technology team is committed to disrupting the energy model through experimentation and implementation of new technologies based on their innovation value and environmental impact. Based on this concept, several technological projects with a global impact on the company were explored, developed and consolidated in 2024.

- **Virtual Power Plant** (**VPP**): Research has continued and proofs of concept have been carried out for the future implementation of the first VPP in Spain, consisting of a network of thousands of batteries, EV chargers and heat pumps associated with distributed residential solar installations located throughout the country; the aim of which is to provide flexibility to the electricity system, optimise energy consumption of the associated households and provide 100% renewable energy to the system at night when fossil energy sources have a greater share.
- **Solar App**: During 2024 Holaluz has continued to improve the functionality of the mobile application that unifies the customer experience from the point of view of energy management (electricity) and solar production.
- **Data Platform**: improvement in the management layer of data coming from the company's customers, distributors, Red Eléctrica de España (REE), solar production and meteorology.

ESG commitment and strategy

Holaluz was born with **ESG DNA**. And it does so with an effective management of the different capitals of the company (human, operational, intellectual, environmental, relational and financial); and a strategy focused on people (customers and society), contributing to the most critical social and environmental challenges the planet is facing.

The strength of Holaluz's team

To create a 100% renewable planet, it is essential to have a team identified with this purpose and thanks to its commitment. Therefore, aware that **companies are the sum of their people**, Holaluz stands out for being an inclusive organisation, promoting a corporate culture based on the principles of Diversity, Equity, Inclusion and Belonging (DEIB); and committed to the community.

As at December 31st, 2024, the Group's workforce numbered 309 employees (463 at December 2023).

This **Management Report** includes as an annex the Integrated Report for the year ended 31 December 2024.

Main KPIs of the consolidated profit and loss account in December 2024

2024 closed with a consolidated turnover of 271.0 M€ (vs 614.6 M€ in 2023). The **normalised EBITDA[2] amounted 3.5 M€** (vs 4.3 M€ in 2023).

€m	31.12.24	31.12.23	% change
Sales	**271.0**	**614.6**	**-56%**
energy management	258.8	589.7	-56%
solar	12.2	24.9	-51%
Gross profit	**40.9**	**62.7**	**-35%**
Normalised Operating Costs[3]	**-23.7**	**-38.2**	**38%**
EBITDA	**-12.0**	**-22.8**	**47%**
Normalised EBITDA [4]	**3.5**	**4.3**	**-19%**

Sales

In 2024 Holaluz once again proved its ability to navigate solidly even in particularly challenging market environments. Despite a context marked by a significant drop

[2] Normalisation of EBITDA derives from the accounting change introduced by the Resolution dated February 10, 2021 by the Spanish Accounting and Audit Institute (ICAC), enacting the regulations for recognising, measuring and preparing financial statements corresponding to the revenue recognition related to the delivery of goods and services. The said resolution provides that incremental costs of obtaining a contract shall be recorded as a Short / Long Term Accrual in the assets side of the consolidated balance sheet and under Other Operating Expenses in the consolidated income statement. That is, customer acquisition costs are no longer amortized, but the portion corresponding to the year is taken to the income statement (to advertising and publicity) and the rest is accrued in the balance sheet. This criterion has been adopted since January 1st, 2021. The impact of ICAC's resolution on the calculation of EBITDA amounts to 12.2 M€ in 2024 (18.4 M€ in 2023). Normalised EBITDA has been calculated reclassifying 12.2 M€ related to OPEX to Depreciation and Amortisation. Extraordinarily for 2023 and 2024, other items commented in this Management Report have been included in the Normalised EBITDA: i) the extraordinary loss of 0.6 M€ (4.8 M€ in 2023) related to the gas not consumed in winter due to the decommissioning of this business in 4Q22. The gas was sold in 2023 and in 2024 at a price lower than its acquisition cost; ii) the cost of redundancies amounting to EUR 1.4 M€ (EUR 1.5 M€ in 2023) as these were exceptional costs for the year and outside ordinary activity (severance payments + legal costs); iii) 2.5 M€ coming from a contractual dispute with a PPA in Portugal (N/A for 2024); and iv) costs arising from the *fundraising* process in which the Parent Company is involved and minor items amounting to 1.3 M€ (-0.2 M€ in 2023).

[3] Like EBITDA, the Normalised Operating Costs exclude the accrual (previously depreciated) corresponding to the customer acquisition costs (CAC). They do not include "Other income" heading. Normalised Operating Costs have been calculated based on Other Operating Expenses of 36.7 M€ (57.6 M€ in 2023) and reclassifying the 12.2 M€ of OPEX costs to Depreciation, following the criteria of previous years and prior to the ICAC ruling (EUR 18.4 million for 2023). Extraordinarily for 2023 and 2024, this calculation includes 0.8M€ of legal costs coming from the redundancies and the *fundraising and debt restructuring* process in which the Parent Company is involved (0.9 M€ for 2023).

[4] The same comment as in Footnote #2 applies. A table reconciling EBITDA and Normalised EBITDA is presented in this MD&A on page 15.

in electricity prices, the company has remained firmly on course towards its strategic objectives, **closing the year with a turnover of 271.0 M€ (vs** 614.6 M€ achieved in 2023).

In 2024 the electricity market recorded a price reduction of 28%, with an annual average price decrease from 87.45 €/MWh in 2023 to 62.89 €/MWh. This downward trend was even more exaggerated for the period from February to May, with average prices reaching 26.09 €/MWh, well below the 92.78 €/MWh of the same period of the previous year, representing a decrease of 72%.

These market dynamics had a direct impact on the turnover of electricity and route-to-market activities. However, far from seeing this as an obstacle, at Holaluz it worked as an opportunity to accelerate our transformation and strengthen our pillars of sustainable growth. Our differential strategy, based on a combination of innovation, operational efficiency and commitment to people, allows us to look to the future with optimism and renewed confidence, ready to capitalize the opportunities that the energy transition will bear.

Energy Management - **electricity** accounted for 62% (42% in 2023) of total revenues. Turnover was 34% lower than the same period of the previous year due to the **downward price environment** (with a direct impact on indexed tariffs) and a reduction in the customer portfolio.

m€	FY2024	FY2023	% var 2024 vs 2023
Revenue	**271.0**	**614.6**	**-56%**
EM Electricity	169.6	258.2	-34%
Route-to-Market	89.3	331.5	-73%
Total Energy Management	258.8	589.7	-56%
Solar	12.2	24.9	-51%
# new solar installations	**1,232**	**2,793**	**-56%**
Average selling price (€ / installation)	**10,211€**	**8,772€**	**16%**

The **consolidation of the Tarifa Justa product** created a very solid customer base with **very positive *unit economics*** in: i) **churn rate** (with an average LTV of 3.4 years per customer), ii) % of returned bills; iii) defaults recovery management (**significantly reducing the cost of bad debts**, see comments below); and iv) also in the cost of customer service by *call centres* (improvement of 29% year-on-year).

The number of contracts was at year end more than **300,000** (+325,000 in 2023). More than 95% of Holaluz's customer portfolio are households and the rest are SMEs whose consumption behaviour is like that of households. It is a very atomised portfolio with an average bill per customer of between 80-100€/month. Holaluz bills by calendar months. The collection process for the energy consumed during a month is carried out in the first working days of the following month. In the event of a default, a very strict and scheduled process is initiated following the timings indicated by Real Decreto 897/2017 of 7th October, which regulates the criteria to be applied in case of cutting the supply of electricity.

In Q4 2022 Holaluz discontinued the gas business for two main reasons: (i) to avoid its customers paying more than 10 M€ extra on their bills during the first quarter of 2023 (when prices reached historically high levels) and (ii) because there was no feasible profitable path to green gas (at that moment). The closure of this activity has been carried forward to 2024 in the income statement, because the company has had to keep 1.3 M€ in minimum stocks until April 2024 on its balance sheet (due to regulatory request), with the final sale occurring in August 2024 and generating a loss of 0.6 M€.

With regards to the **route-to-market activity,** the context of persistently low prices - a continued trend since 2023 - led to a contraction in turnover in 2024. After a 21% decrease in 2023 vs to 2022, the turnover of this activity stood at €89.3 M€ in 2024 (vs 331.5 M€ in 2023). In terms of volume, the energy represented reached 3.2 GWh, comparable to 2022 levels and down from 5.4 GWh in the previous year.

It should be noted that, although the route-to-market activity does not generate direct profits for Holaluz, it does allow the Company to offset its selling and buying positions in OMIE, so that the final amount to be settled is optimised. Holaluz's objective is to reach a balance between buying and selling positions to minimize the guarantees to be given in OMIE, as long as for working capital management purposes. The route-to-market activity accounted for 33% of turnover in 2024 (54% in 2023).

The Iberian Peninsula energy market integrates Spain and Portugal, so the natural step for Holaluz to sign international representation contracts and PPAs agreements with Portuguese producers. To this end, the subsidiary Clidomer was established in 2018, 100% owned by the parent company Holaluz-Clidom, SA, and whose route-to-marketactivity began in July 2018. The Portuguese subsidiary, focused exclusively on the representation and PPA's business, generated a turnover of 20.7 M€ (36.9 M€in 2023). The decrease in turnover is explained by the downward price environment and the lower volume of energy represented.

OMIE, the Iberian Peninsula's electricity market operator, is the central platform where the purchase and sale of energy that will be produced and consumed is managed. All operators are obliged to nominate 100% of their production and consumption in this market, regardless of the price or volume hedging deals they have contracted. It is therefore a physical market that guarantees a balance between supply (production) and demand.

As electricity cannot currently be stored on a large scale, market operations require a continuous matching of supply and demand. For this reason, 24 daily auctions are held, complemented by intraday sessions, which allow the available energy to be matched with consumption needs at each hour of the day. The price resulting from these auctions fluctuates constantly, introducing high volatility in energy acquisition costs.

For Holaluz, which offers its customers fixed prices for 12 months, effectively managing this volatility is key to ensuring the stability of its margins. The company employs an active hedging strategy through financial instruments - mainly futures and forwards - and through bilateral contracts and PPAs (Power Purchase Agreements). These hedging deals enable Holaluz to protect itself against fluctuations in the electricity market, thus guaranteeing predictability and sustainability in its business model.

With regards to the **solar business** (installation of photovoltaic panels and batteries in households' rooftops) Holaluz maintains a **market share of around 2%,** according to data from UNEF and APPA[5] , executing **1,232 installations** in 2024 (-56%, 2,793 in 2023). These installations have generated a turnover of 12.2 M€ (-51%, 24.9 M€ in 2023), which means that fewer installations have been sold but of larger size and with higher battery penetration, improving the unit selling price by 16%.

In the context of a weak solar market in Spain due to: i) high interest rates affecting sales of financed projects; ii) electricity prices significantly lower than previous years (especially for the period from March to June 2024) have generated a perception of less urgency in the market; and iii) the end of NEXTGEN subsidies, Holaluz's strategy has been to optimise costs and improve unit economics, with notable results in 2024. **Direct installations costs** reduced by 7.5% over the year, from €0.8/Wp in January 2024 to €0.74/Wp in December 2024 (not including installations with battery and/or EV charger, for a homogeneous comparison). In addition, the **focus** remained **on maximising the potential of each rooftop with larger installations, increasing the average bill by 16%** to €10,211 (€8,772 in 2023), as well as **higher battery penetration**, reaching 45% of installations by the end of 2024 (~15% by the end of 2023).

[5] Spanish Photovoltaic Union (UNEF). (2025). Self-consumption continues to advance, already exceeding the threshold of 8 GW installed
https://www.unef.es/es/comunicacion/comunicacion-post/el-autoconsumo-sigue-avanzando-superando-ya-el-umbral-de-los-8gw-instalados
APPA Renewables (2025). Report Autoconsumo Fotovoltaico 2024. (2 April 2025) https://www.appa.es/wp-content/uploads/2025/02/Informe-Autoconsumo-Fotovoltaico-2024.pdf

The installation of solar panels maintained the highest levels of customer satisfaction in the sector, with a score of **8.7 out of 10.** In addition, Holaluz's unique value proposition means that 75% of solar customers save more than 70% on their electricity bills and 60% of users with a solar installation with a battery pay zero euros for their electricity bill. At year-end 2024 Holaluz managed 15,237 solar installations (14,509 in December 2023).

Looking **ahead**, **three positive trends** are emerging in the solar business: i) the new **Línea ICO Verde** (22,000 M€) to support decarbonisation together with a downward trend in interest rates (Euribor below 3% vs 4% in mid-2023); ii) the large drop in the **price of** installation **components** observed since 2023 which is being replicated in batteries in 2024; and iii) the **regulatory changes** associated with RD 2019/244 to facilitate collective self-consumption in line with European directives on local electricity markets.

Commercial Margin

m€	FY2024	FY2023	% var 2024 vs 2023
Gross Profit	**40.9**	**62.8**	**-35%**
EM Electricity	39.4	6.,5	-40%
EM Gas	(0.6)	(4.8)	88%
Route-to-Market	(3.3)	(10.1)	68%
Total Energy Management	35.5	50.6	-30%
Solar	5.4	12.2	-56%
# new solar installations	**1,232**	**2,793**	**-56%**
Gross Margin Energy Management	**21.0%**	**19.6%**	**1.4 p.p.**
Gross Profit (€) / installation	**3,592€**	**2,326€**	**54%**

In an environment of high volatility of energy prices in the physical market (OMIE), stabilisation of the cost of energy supply is achieved through an optimal hedging strategy that ensures the commercial margin and, consequently, the profitability of the business. The Parent Company carries out financial futures transactions on national (OMIP and MEFF) and international (EEX) energy markets, physical bilaterals and PPAs to *hedge* the energy purchased for its customers and thus protect the risk of price fluctuations and the consequent impact on the commercial margin in the *Energy Management* business (electricity).

The **accumulated margin at year-end 2024 amounts to 40.9 M€** (62.8 M€ in 2023). The measures implemented by the company to restructure and optimize the business have significantly reduced its cost base in both activities (*energy management* and solar), with a 36% reduction in procurement compared to the previous year. For the *energy management* business, the innovative Tarifa Justa has led to a 1.4 p.p. improvement in the gross margin, from 19.6% in 2023 to 21.0% in 2024. It is also worth highlighting the **substantial 68% improvement in the route-to-market margin because of the consolidation of the control centre** (unique in Spain) launched in 2023, developed entirely by the company's technology team, enabling, among other benefits, the **minimisation of deviations** and, consequently, the associated costs.

In the **Solar** business, despite the sharp **contraction of the market** - which has fallen by approximately 30% according to UNEF and APPA[5] - Holaluz maintained a solid market share of 2%, **consolidating its position in the sector**. This challenging context has been an opportunity to reinforce the company's operational and financial efficiency. Thanks to a strategy of continuous improvement and optimisation of costs and processes, in both the supply chain and the installation, Holaluz increased the commercial unit margin by 54%, reaching €3,592 per installation (compared to €2,326 in 2023).

This significant progress is partly explained by the sustained growth in **battery penetration**, reaching **45%** at the end of 2024 (compared to approximately **15%** at the end of 2023). The increased adoption of integrated solutions such as batteries reinforces not only Holaluz's value proposition, but also the **profitability of each installation**, consolidating a solid foundation for future market recovery.

Normalised operating costs

Personnel costs and organisational transformation

In 2024**, personnel costs significantly decreased by 75%** compared to the previous year, amounting up to 22.5 M€ (vs 39.3 M€ in 2023). Of this amount, 1.4 M€ correspond to severances - including 0.6 M€ paid to employees who did not adhere to the Modificación Sustancial del Contrato de Trabajo) (MSCT), communicated and negotiated with the unions during the last quarter of 2024, and coming into force in January 2025. Due to their exceptional and non-recurring nature, these severance costs were not considered in the normalised EBITDA calculation. By comparison, the cost of severance payments in 2023 was 1.2 M€.

At the end of the year, the Holaluz team was 309 people (463 in December 2023). This evolution reflects the constant improvement in operational efficiency and the optimisation of processes in the solar business, as well as the consolidation of the Tarifa Justa project, which dramatically simplified administrative tasks and significantly reduced the needs of the customer support teams (back-office).

In addition, during 2024, Holaluz started to implement advanced artificial intelligence solutions in different key areas of the business, such as debt collection management, increasing not only operational performance, but also facilitating the creation of higher-skilled jobs, in line with the company's technological transformation strategy.

Optimisation of the operational cost structure

In 2024, **normalised operating costs[6] continued their downward trend**, with a significant 38% decrease amounting to 23.7 M€ (vs 38.2 M€ in 2023 and 49.7 M€ in 2022), a cumulative reduction of 52% over the last two years.

This progress is in response to the strategic transformation of the business, particularly the migration to the **Tarifa Justa**, which substantially simplified direct operating costs in the *Energy Management* area. By offering fixed monthly fees, the need for interaction with external *call centres* has been practically eliminated, thereby significantly reducing complaints and queries related to bill variability.

In addition, **efficiencies** have been achieved in technology and marketing, with an **optimisation** of advertising investments and a focus on customer acquisition.

[6] The same comment as in Footnote #3 applies. A table reconciling Operating Costs and Standard Operating Costs is presented in this Management Report on page 14.

In the Solar business, the company has also achieved significant improvements in operational efficiency. The **diversification** of customer acquisition channels reduced **unit costs by 37%**, while the centralisation of sales and installation operations, together with the reorganisation of warehouse logistics and the supply chain, contributed to optimising direct and indirect costs at all levels.

These results reflect Holaluz's commitment to operational excellence and the creation of a flexible and scalable cost structure, reinforcing the sustainability and profitability of the business model.

The costs of *Fundraising & Debt restructuring* correspond substantially to the costs incurred by the Parent Company to close the Restructuring Plan with financial debts, as well as the capital increase agreement with Icosium Investment (see comments below).

€m	FY2024	FY2023
Other Operating Costs (Acc./ Annual Accounts)	**36.7**	**57.6**
CAC (Cost of Customer Acquisition)	12.2	18.4
Legal costs (severances)	0.0	0.3
Fundraising & Debt restructuring	0.8	0.7
Normalised Operating Costs	**23.7**	**38.2**

Note: Acc./ CAAC refers to the heading Other Operating Expenses according to the Annual Accounts.

EBITDA

Operational excellence and cost-effectiveness

The company's focus on operational excellence has been key to reversing the challenges faced in the first quarter of 2023, managing to generate profits since then, even in a market environment as complex as the one experienced in 2024. At year-end, Holaluz achieved a **Normalised EBITDA** of 3.5 M€ (vs 4.3 M€ in 2023), achieving record profitability per customer.

This result was supported by the implementation of stringent cost reduction measures and optimisation of efficiencies across all cost lines, including **COGS (cost of sales), direct costs, marketing, CAC (customer acquisition cost) and overheads**. These actions had a direct and positive impact on both the company's overall profitability and the two key businesses: ***Energy Management*** and **solar**.

Below there is a reconciliation between **EBITDA on an Annual Accounts basis** and **normalised EBITDA** for 2024 and 2023. Notably, EBITDA (according to Annual Accounts) **has improved by 47%, reducing losses** by 10.8 M€ compared to 2023, despite the reduction in revenue and gross profit margin in absolute values for both businesses.

In 2023 and 2024, extraordinary events occurred out of the company's ordinary activity, which were not considered in the Normalised EBITDA calculation, as they are non-recurring costs and affect the comparison of the income statement with the previous year. The only periodic adjustment that is maintained on a yearly basis is in the Normalised EBITDA calculation is the CAC[7] . The rest of the adjustments are:

- Gas extraordinary loss: 0.6 M€ (4.8 M€ in 2023). Gas not consumed in winter 2022-23 due to the business decommissioning in Q4 2022. . In August 2024, the stock that the regulator obliged the company to keep until April 2024 was sold at a lower price than its purchasing price, generating a 0.6 M€ loss.
- Severances and legal costs: 1.4 M€ (1.5 M€ in 2023), of which 0.6 M€ correspond to the severances paid in the first quarter of 2025 to the employees who did not adhere to the Modificación Sustancial del Contrato de Trabajo (MSCT), whose negotiations with the unions began in Q4 2024.
- PPA: contractual dispute amounting to 2.5 M€ of a PPA signed with a producer in Portugal. This concept does not apply for 2024.
- Other: 1.3 M€ (-0.2 M€ in 2023) substantially corresponding to the fundraising & debt restructuring costs incurred by the Parent Company to close the Restructuring Plan with the financial debtors, as well as the capital increase agreement with Icosium Investment, SL (see comments below).

[7] EBITDA and Operating Costs have been normalised by considering customer acquisition costs (CAC) as CAPEX / Depreciation, in line with the company's management view on them. On 10 February 2021, a resolution of the ICAC, Instituto de Contabilidad Auditoría y Cuentas, the body that sets the rules for the recording and preparation of financial statements, issued a regulation regarding the accounting of acquisition costs, establishing that they must be considered in the Company's assets as a short/long-term accrual and the year "depreciation" cost I must be included in Operating Costs.

€m	2024	2023
EBITDA (s/ CAAC)	**-12.0**	**-22.8**
CAC (Cost of Customer Acquisition)	12.2	18.4
Gas Extraordinary loss	0.6	4.8
Severances. + legal costs	1.4	1.5
PPA (contractual dispute)	-	2.5
Other	1.3	-0.2
Normalised EBITDA	**3.5**	**4.3**

Note: Acc./ Annual Accounts refers to EBITDA according to the Annual Accounts (Operating Profit - Depreciation and Amortisation - Other Expenses).

Business unit performance

The following table shows the income statement broken down by business units, **Energy Management** and **Solar**, comparing the financial years 2023 and 2024. Despite a challenging market environment in the solar sector and the downward trend in **energy management** prices, Holaluz managed to maintain its unit commercial margins and significantly optimize its operating cost structure. Normalised operating costs improved by 38% in 2024, driving substantial recovery in **normalised EBITDA and EBITDA according to Annual Accounts** for both business units.

The **Energy Management** business experienced a solid recovery, achieving a **positive EBITDA according to Annual Accounts** of 0.9 M€, outperforming the 2.5 M€ loss recorded in 2023. The **Solar** business improved its result by 36% thanks to the efficiencies achieved in all cost lines and delivery and supply chain processes.

Despite this progress, the consolidated **net result was** affected by the non-activation of tax loss carry forward in 2024, following the principle of prudence. This resulted in a consolidated loss before taxes of 31.5 M€, a **significant 16% improvement** compared to the previous year.

€m	EM 2024	Solar 2024	TOTAL 2024	EM 2023	Solar 2023	TOTAL 2023	% var 2024 vs 2023
Sales[8]	**169.6**	**12.2**	**181.8**	**258.2**	**24.9**	**283.1**	-36%
Trading margin	35.5	5.4	**40.9**	50.6	12.2	**62.8**	-35%
Commercial margin / sales	21%	44%	23%	20%	49%	22%	1 p.p.
Costs Op. Norm.[9]	-20.8	-16.7	**-23.7**	-26.0	-32.5	**-38.2**	38%
Normalised EBITDA[10]	**14.7**	**-11.3**	**3.5**	**24.6**	**-20.3**	**4.3**	-19%
EBITDA	**0.9**	**-12.9**	**-12.0**	**-2.5**	**-20.3**	**-22.8**	47%
EBT			-31.5			-37.6	16%
Profit tax			-			10.0	-
Profit after tax			**-31.5**			**-27.7**	-14%

The significant improvement in **unit economics** and the continuous optimisation of costs put the company close to meeting its **Business Plan and Strategy** for the coming years, consolidating the foundations for long-term sustainable growth.

[8] The sales figure is presented *without the turnover of the Route-to-Market business*, as it is an activity whose turnover is 100% correlated to the evolution of electricity prices. Thus, sales figures are comparable with previous years and reflect the company's business evolution, isolating the impact of the evolution of energy prices.

[9] The same comment as in Footnote #3 applies. A table reconciling Operating Costs and Normalised Operating Costs is presented in this Management Report on page 14.

[10] The same comment as in Footnote #2 applies. A table reconciling EBITDA and Normalised EBITDA is presented in this MD&A on page 15.

Consolidated Balance sheet

Assets

€m	FY2024	FY2023
NON-CURRENT ASSETS	**59.3**	**76.7**
Intangible assets	30.5	34.7
Tangible fixed assets	0.9	1.6
Long-term financial investments	1.6	8.6
Deferred tax assets	21.9	22.8
Long-term accruals	4.4	9.0
CURRENT ASSETS	**51.0**	**96.7**
Stocks	1.1	4.3
Trade and other receivables	27.3	52.7
Short-term financial investments	11.1	19.4
Short-term accruals	9.2	12.5
Cash	2.2	7.9
TOTAL ASSETS	**110.3**	**173.5**

On December 31st, 2024, **Holaluz's consolidated balance sheet amounted 110.3M€** (vs **173.5 M€** on 31 December 2023). The decrease in the balance sheet reflects active and strategic management of resources, with a reduction in **non-current assets** of **17.4 M€, reaching** a total of **59.3 M€**. This was mainly driven by a **reduction in financial investments** and **long-term accruals,** optimising the assets structure of the company.

Current assets decreased by **45.8 M€, amounting 51.0 M€ at year end** because of a generalised decrease in all headings. The main reductions were in **accounts receivable**, **short-term financial investments** and **cash**, reflecting efficient liquidity management and improved collection periods, as detailed below.

Intangible fixed assets and technological investment

In 2024 **intangible assets decreased by 4.3 M€** compared to 2023, reaching a net book value of **30.5 M€** at year-end. The **investment for the year** was **7.8 M€** (vs **11.8 M€** in 2023), of which **5.2 M€** correspond to **the capitalization of internal work carried out** by the company for its assets, significantly lower when compared to **the 8.8 M€** invested in 2023**.** The rest, **2.6 M€**, corresponds to the technological investment coming from **external partnerships** with technology companies.

This reduction in technological investment reflects the **prioritisation of technology projects** with a higher impact in the short term. The company has focused its efforts on key projects for **Energy Management** and **Solar** that generate immediate results, such as **automation**, **process optimisation** and **operational efficiencies**. This strategy has driven both profitability and operational agility, aligning with the company's short-term objectives and ensuring long-term sustainable growth.

Holaluz is an energy transition technology company, using technology and data to deliver green, cheap and simple energy to our customers. Our goal is to help customers **minimise their electricity bills** and **maximise savings** through the installation of **solar panels** and **flexible assets**. In the **Energy Management** business, the focus in **innovation and development** has been on the consolidation of the **' Tarifa Justa'**. The aim of is to optimize the amount of the monthly fixed fees, minimising both upward and downward deviations, especially in cases where consumption exceeds or falls short of the forecast.

In the **Solar business, the focus of technological investment** was the development of the **first virtual power plant** (VPP) in Spain, consisting of a network of thousands of batteries, EV chargers and heat pumps associated with residential solar installations distributed throughout the country, with the aim of providing flexibility to the electricity system and optimising the energy consumption of the associated homes. Also noteworthy is the **continuation of the development projects initiated in 2023**, such as the **Solar App**, a mobile application that **unifies the customer experience** in its role as a **prosumer** and **integrating energy production and consumption**. This tool provides a complete and simplified view, where users can efficiently manage both their electricity consumption and solar energy generation, in a single platform.

The **work in progress intangible assets** heading included 4.3 M€ at year-end 2023 corresponding to cash advances settled to the supplier McKinsey within the framework of a development programme for the scalability and automation of the solar business operations which was finally capitalized in the first half of 2024 when the development project came to an end.

During 2024 no new investments were registered in **property, plant and equipment,** being consistent with the strategy of optimising resources. As a result of **reductions in personnel costs** due to voluntary and involuntary dismissals, the contracts for **2 of the 3 floors leased** by the company were strategically terminated in June 2024. This decision favoured the rationalisation of the use of space and a significant resources optimisation.

The termination of these contracts implied the **full amortisation** of part of the investment in facilities. In addition, the incorporation of **artificial intelligence solutions** contributed to the **optimisation of operational processes**, improving efficiency and generating new savings opportunities. These initiatives are part of our ongoing strategy of **cost reduction** and **structural optimisation**, aligned with the objective of maximising long-term profitability.

Long-term financial investments

At year-end 2024 **long-term financial investments amounted** to 1.6 M€. These included the booking of **derivatives** for long-term hedging of electricity purchases (0.4 M€) as well as 0.7 M€ of **rooftop loans** (loans for photovoltaic installations) to be repaid in fixed installments over the next 15 years, which are charged to the customer together with the electricity bill. These loans were a proof of concept for the creation of an SPV. Holaluz does not currently intend to provide additional loans without forming an SPV (since mid-2022 no further Rooftop Loans have been added to the current loan portfolio). In June 2024 800 loans were sold with a **positive cash impact of 4.1 M€**, generating an extraordinary loss of 1.4 M€. The objective of the transaction was to divest a non-strategic asset, as it **did not affect the ordinary course of the Solar business, and to help strengthen the company's financial structure.**

Deferred taxes

The balance of 21.9 M€ in **deferred taxes** includes the tax credit from prior years' losses of 11.0 M€, the R&D&I deductions to be applied to corporate income tax (4.0 M€), 1.5 M€ from the MtM of derivatives (25%) and 5.4 M€ as temporary tax differences.

Long-term and short-term accruals

For the preparation of the consolidated balance sheet, the ICAC resolution of February the 10th, 2021 has been considered, which sets for the incremental costs of acquiring a contract to be accounted as short-term/long-term accruals in the balance sheet, whereas in the income statement must be recorded under “Other Operating Expenses”. This criterion has been applied in the Parent Company as of 1 January 2021. In December 2024, a total of **10.1 M€** (18.1 M€ in 2023) is capitalised under **long-term and short-term accruals for incremental customer acquisition costs** (CAC).

Current assets

At year-end 2024, **current assets** on the consolidated balance sheet amounted **to 51.0 M€** (96.7 M€ in 2023). The significant decrease is explained by i) the sale of **the remaining gas stock** valued at 1.3 M€ (gas not consumed by customers when the gas business was closed in Q2 2022 and, according to the market regulator, had to be kept as a mandatory minimum stock until April 2024; the gas was finally sold in August 2024). In addition, the stock of main material for the solar installations has been optimised, adjusted to the sales volume. (ii) A **decrease of 25.4 M€ in trade receivables** (the migration to the 'Tarifa Justa' since the Q2 2023 mitigated consumption fluctuations throughout the year due to seasonality and the downward price environment of 2024 reduced the billings amounts to customers with indexed tariffs); iii) a **decrease of 8.3 M€ in short-term financial investments** (mainly in short-term derivatives heading); iv) a decrease of 3.2 M€ in short-term accruals (as a result of lower investment in customer acquisition); and finally v) a **reduction in available cash** at year-end of 5.7 M€.

Net debt and cash position

Cash decreased by 5.7 M€ compared to year-end 2023, being the balance 2.2 M€. The **consolidated net debt** evolution is as follows:

€m	FY2024	FY2023
Long-term bank borrowings	20.0	16.0
Short-term bank borrowings	19.8	36.4
Other short-term payables	3.5	20.9
Cash	2.2	7.9
Net Debt	**41.1**	**65.4**

At year end, the **net debt** amounted **41.1 M€**, 24.3 M€ lower vs December 2023. The reduction is explained by the cancellation of the financing SEPA lines (customer bill collections) ; -11.1 M€), -2 M€ for non-renewed VAT financing and the reduction of the outstanding balance of promissory notes issued in MARF for a net amount of 12.2 M€.

Since June 2024, the parent company has been working on a debt restructuring project with all bank entities included in the pool, culminating on March the 10th, 2025 with the approval of a Restructuring Plan **by the financial debtors with majorities far exceeding those required by the applicable legislation**. At the date of signature of this management report, the Plan was in the judicial approval phase. The Plan is based on the full payment of the credits, as it does not contain any write-offs or reductions, and keeping jobs (as it does not include measures on employment). This Plan will be fully effective with the judicial approval and the full payment of the investment committed by Icosium Investment, SL (based on the Investment Agreement announced to the market on 4 November 2024). Therefore, the amounts of short- and long-term debt expressed in the balance sheet at December 2024 will not apply anymore, and the new maturities agreed in the Plan will come into effect when the Plan takes full effect (a table with the new maturities is included in the Events After the Balance Sheet Date note).

Liabilities

m€	FY2024	FY2023
NET EQUITY	**-17.2**	**9.9**
Own funds	-12.8	16.6
Adjustments for changes in value	-4.4	-4.5
NON-CURRENT LIABILITIES	**20.1**	**22.6**
Long-term debts	20.1	22.6
CURRENT LIABILITIES	**107.4**	**141.0**
Short-term debt	31.2	63.9
Trade and other payables	76.2	77.1
TOTAL LIABILITIES	**110.3**	**173.5**

Net Equity

Consolidated net equity decreased by 31.6 M€ in 2024, with a year-end value of -17.2 M€. This reduction is due to the accumulated consolidated losses at the same date, particularly in the solar business. As previously mentioned in this report, **the *Energy Management* business overcame the difficult first months of 2023 and has been generating positive results since then, offsetting the solar losses and reaching a consolidated normalised EBITDA of 3.5 M€ in 2024**.

Since December 2021 the capital of the parent company has remained at 656,661.57 euros, fully subscribed and paid in and represented by 21,888,719 ordinary shares with a nominal value of 0.03 euros each. There have been no changes in the financial year 2024. On 4 November 2024, the parent company Holaluz-Clidom, SA announced the **incorporation of a new strategic partner, ICOSIUM Investment, SL**, an industrial investor committed to advancing the energy transition, **through an investment of 22 M€ structured in different phases, subject to certain authorisations and with the objective of reinforcing Holaluz's growth strategy**. **The first phase** consists of an investment of 6.48 M€ by means of a capital injection through the issue of new ordinary shares at 1.80 euros per share without pre-emptive subscription rights, using the prior authorisation granted by the Extraordinary General Meeting of Shareholders held on November the 9th, 2021. This phase **was completed on March the 14th, 2025, when the capital increase was executed for an aggregate nominal amount of 108,000 euros and an aggregate share premium of 6,372,000 euros, being the final effective amount of 6,480,000 euros** (see note on Events After Balance Sheet Date). At year-end 2024, Icosium had paid 4.48 M€. Since the capital increase has been accepted by the Registro Mercantil (Barcelona) at the date of signature of this management report, the Plan General Contable (PGC) allows the corresponding entry under the capital and share premium headings in the amount of 74,667 euros and 4,405,333 euros respectively (in the balance sheet of the parent company). **The consolidated share capital thus amounts to 731,328 euros on December 31st, 2024**.

The capital increase of 6.5 M gives Icosium Investment, SL a 14.12% stake in Holaluz-Clidom, SA and allows it to join the company's Board of Directors, occupying two seats. The second phase of the investment amounts to 15.52 M€. **The convertible loan transaction in the amount of 15.52 M€ signed with Icosium Investment, SL** on March the 13th, 2025 and with **a disbursement date no later than 30 April 2025** is also commented in the note on Events After Balanche Sheet Date in this management report. The rate of the ordinary shares to be issued in the conversion is 2.10 euros per share.

It should be noted that, although the consolidated Equity at the end of 2024 is negative, this does not create a problem for Holaluz's ability to continue its business activities. **The net equity of the parent company Holaluz-Clidom SA at the same date amounts to 38.8 M€**. The negative equity in consolidated figures comes from the losses in the subsidiary Clidom Solar, SL, which compensates this equity imbalance with equity loans.

Net Equity includes the heading **value adjustments** from derivatives accounting for an amount of **-4.4 M€** in December 2024 (-4.5 M€ in December 2023). This amount corresponds to 75% of the differential between the spot price at year end and the price at which the hedging transactions were closed (the remaining 25% of this mark to market (MtM) is recorded in deferred taxes).

Non-current liabilities

Non-current liabilities in the consolidated balance sheet amount to **20.1 M€** (December 2023: 22.6 M€). The decrease is mainly explained by the reduction in long**-term derivatives** by 6.5 M€, amounting to 0.1 M€ in December 2024 (6.6 M€ in December 2023).

Long-term bank borrowings increased by 3 M€. The reduction in the outstanding principal of loans has been offset by a higher use of ICO credit lines, financial product of working capital recorded as long-term debt due to maturities are until 2026 (such dates change with the approval of the Restructuring Plan mentioned above; see new debt table in the note on Events After Balance Sheet Date). In addition, 3 M€ of the total 6.7 M€ outstanding promissory notes at year-end are included as long-term debt (see comments in the Green Promissory Notes Programme section).

Current liabilities

Current liabilities in the consolidated balance sheet also decreased significantly by 33.6 M€, amounting up to **107.4 M€** at year-end (141.0 M€ in December 2023). **Short-term debts decreased** by 32.6 M€ because of the reduction in bank borrowings and other financial liabilities, as previously mentioned in the Net Debt section.

The average supplier payment period is 84 days (33 days in 2023), as reported in note 16.1 of the Annual Accounts report, "Information on the average supplier payment period. Third additional provision. "Duty of information" of Law 15/2010, of 5 July".

Working Capital

At year-end 2024, the *working capital* position of the consolidated balance sheet worsened compared to the 2023 position, as **the balances of accounts receivable and inventories experienced a very significant reduction** (substantially explained by the downward price environment in 2024, generating a lower billing amount vs previous years) not compensated by a proportional reduction in accounts payable balances.

€m	FY2024	FY2023
Working Capital	**-47.7**	**-20.1**
Accounts receivable + inventories	28.5	57.0
Accounts payable	76.2	77.1

Cash Flows

In 2024 the operating **cash flow** amounted to 26.6 M€ (14.9 M€ at year-end 2023) and improved by 11.7 M€ compared to 2023 substantially due to the adjustments in the profit and loss and the improvement in working capital (thanks to a reduction in receivables significantly exceeding the decrease in payables). **Cash flow from investments** reached 7.0 M€, 10.5 M€ higher vs 2023. As a result of the optimisation of direct and indirect operating costs and investments, as well as the improvement in unit commercial margins consequence of the migration to the Tarifa Justa, the **free cash flow (operating cash flow + investment)** increased from -2.6 M€ in 2023 to +19.6 M€ in 2024.

m'€	FY2024	FY2023
CASH FLOWS FROM OPERATING ACTIVITIES	**26.6**	**14.9**
Result for the year before tax	-31.5	-37.6
Adjustments to the result (+/-)	36.2	59.0
Changes in working capital (+/-)	26.9	-2.1
Other cash flows from operating activities (+/-)	-5.0	-4.5
CASH FLOWS FROM INVESTING ACTIVITIES	**-7.0**	**-17.5**
Investment payments (-)	-6.8	-20.8
Proceeds from divestments (+)	-0.2	3.2
CASH FLOWS FROM FINANCING ACTIVITIES	**-25.2**	**0.2**
Proceeds from and payments on equity instruments.	4.5	-
Proceeds from and payments on financial liabilities	-29.7	0.2
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**-5.7**	**-2.5**
Cash and cash equivalents at beginning of the year	7.9	10.3
Cash and cash equivalents at the end of the year	2.2	7.9

This progress reflects the success of the strategy adopted and positions the company well for future growth.

The **financing cash flow decreased by -25.4 M€** due to the reduction of the net balance of the promissory notes issued in MARF, the cancellation of the financed SEPA credit lines (for electricity bill advances), the cancellation of a VAT financing credit line, as well as the repayment of loan instalments and short-term loans for taxes refunded to bank entities until the signing of the StandStill agreement valid from August, the 1st 2024 and culminating in the agreement of the Restructuring Plan on March the 10th, 2025.

Green Promissory Notes Programme

On November 21st, 2022, the BME Mercado Alternativo Renta Fija, MARF, incorporated the first **Green Promissory Note Programme** (Programa Pagarés Verdes) of Holaluz-Clidom, SA amounting up to 100 M€. Through this program, the Company has been able to access qualified investors in a flexible manner over the following twelve months (and corresponding annual renewals), as part of its strategy to diversify its sources of financing. Holaluz structured the notes issued under this Green Note Programme to qualify as a "green instrument" under the **Holaluz Green Finance Framework**, under which the company can issue bonds and notes in accordance with the **Green Bond Principles 2021** and enter financing contracts in accordance with the **Green Loan Principles 2021** of the International Capital Markets Association (ICMA). To this end, Holaluz obtained a **favourable opinion from Sustainalytics** confirming that the Holaluz Green Finance Framework is aligned with the four core principles that make up both principles. The balance on December 31st, 2024, amounted to 6.7 M€ (19.8 M€ in 2023). The outstanding promissory notes in December 2024 correspond to the promissory notes outstanding at that date resulting from the negotiation of the promissory note maturing in July 2024 in the amount of 7.0 M€ and restructured into 9 promissory notes with quarterly maturities until July 2026 and increasing amounts. The short- and long-term balances reflected in the annual accounts of 31 December 2024 will be affected by the Restructuring Plan as the debt of the promissory notes will be affected by the financial credit.

IMPORTANT EVENTS FOR HOLALUZ AFTER THE BALANCE SHEET DATE

Financial Debt Restructuring Plan

On March the 10th, 2025, the Parent Company signed an agreement for the restructuring of its financial debt (including loans, working capital financing instruments, MARF promissory notes and bank guarantees) through the approval of a Restructuring Plan approved by the financial institutions with majorities that far exceed those required by the applicable legislation. At the date of signature of this management report, the Plan is in judicial approval phase. The Plan is based on full payment of the credits, as it does not contain any write-offs or reductions, and keeping jobs (as it does not include measures on employment).

This Plan will become fully effective upon judicial approval and full payment of the investment committed by Icosium Investment, SL (according to the Investment Agreement announced to the market on November the 4th, 2024). Therefore, the amounts of short- and long-term debt expressed in the balance sheet in December 2024 will cease to be valid and the new maturities agreed in the Plan will come into effect when the Plan takes full effect following its approval. A table with the new maturities is detailed below.

€m	2025	2026	2027	2028	TOTAL
Debt as at 31.12.24 (according to the Restructuring Plan)	**0.2**	**2.5**	**4.8**	**25.1**	**32.5**
Bank loans	0.1	1.7	3.3	6.0	11.1
Credit lines	0.1	0.8	1.5	19.1	21.4

Convertible loan

On March the 13th, 2025 the Parent Company and Icosium Investment, SL signed a convertible loan amounting 15.52 M€at a conversion price of 2.10 euros per share, whose disbursement date must be no later than 30th of April 2025. The loan was granted to stabilize existing debt obligations to suppliers, strengthen the Company's cash position to finance day-to-day working capital and improve the Company's operating platform for natural gas and other green energies. The loan is necessarily convertible into newly issued Holaluz ordinary shares of the same class and series and with the same rights as those currently outstanding at maturity.

In addition, the founding shareholders of Holaluz have undertaken vis-à-vis Icosium Investment, SL, simultaneously with the subscription of the Loan, to exercise all the voting rights attributed at the General Shareholders' Meeting in favour of a capital increase by offsetting credits and the delegation of its execution to the Board of Directors; and in their capacity as directors, to hold a board meeting and vote in favour of the execution of the aforementioned capital increase.

Capital increase 6.5 M€ Icosium Investment, SL

On March the 18th, 2025, the Board of Directors of the Parent Company, in exercise of the delegation conferred by the extraordinary shareholders' meeting of the Company held on November the 9th, 2021, at its meeting of October the 24th, 2024 approved a capital increase of the Parent Company for an aggregate nominal amount of 108,000 euros and aggregate share premium of 6,372,000 euros, being the aggregate effective amount 6,480,000 euros.

When the full capital had been paid in and subscribed by Icosium Investment, SL, on March the 18th, 2025 the Capital Increase was executed through the issue and flotation of 3,600,000 new ordinary shares of the Parent Company of the same class and series as those currently in circulation. The New Shares were issued for a nominal value of 0.03 euros per share plus a share premium of 1.77 euros per share, resulting in an effective issue price of 1.80 euros per share.

As a result of the Capital Increase, the share capital of Holaluz-Clidom, SA has been set at 764,661.57 euros, divided into 25,488,719 shares of 0.03 euros par value each, all belonging to a single class and series.

FORESEEABLE EVOLUTION OF HOLALUZ

Holaluz has continued to demonstrate, through its ESG DNA and its impact business model, that it is possible to build an energy transition technology company with a real impact on people and the planet. The organisation closed 2024 with a consolidated normalised EBITDA of 3.5 M€, thanks to record unit economics achieved since the second quarter of 2023, following the migration of most of the electricity customer portfolio to the Tarifa Justa and the cost optimisation strategy at all levels.

Holaluz remains firmly **committed** to **leading** the **energy transition** in Spain, driving and developing the distributed energy market through its unique business model, which integrates *Energy Management* and Solar with storage. The company has established itself as a recognised **brand**, with a holistic and people-centred approach, ensuring that every step towards the future of energy is done in an inclusive and responsible manner.

Despite the **challenges** imposed by the industry environment, such as low energy prices in the spot market and high interest rates that affect the financing of solar installations, 2024 has been a period of strategic progress, focused on **optimising** and stabilising the business, and maintaining leadership in the value proposition to the customer. Holaluz remains focused on efficiency, innovation and the use of advanced technologies, such as **artificial intelligence**, to improve its operations. The company is **solidly** positioned to take advantage of opportunities when the market context improves.

From a financial perspective, the company signed a financial debt **Restructuring Plan**, executed the first phase of the capital **increase** with Icosium Investment, SL for 6.5 M€ and signed a convertible loan of 15.5 M€, which the disbursement will occur no later than the 30th of April 2025.

Holaluz continues to build **Europe's largest green energy community**, realising the potential for electrification of energy demand through the large-scale development of distributed solar power and storage. These objectives are included in the company's 5-year business plan, which also includes investments in technology, customer acquisition and continued value creation in both the solar and energy management businesses. Distributed generation is the key solution to the challenges of **decarbonisation**, and Holaluz, with its holistic approach and dedication to innovation and social impact, is perfectly positioned to lead this change.

RESEARCH AND DEVELOPMENT ACTIVITIES

As a technology company, ongoing development activities are carried out through investments in innovation that enable the use of technology as a common aspect in the development of energy-related products and services and the creation of an ecosystem of energy generation, consumption, optimisation and control.

Pioneering in implementing AI tools in its technology platform, Holaluz continues to use **machine learning** algorithms **for energy consumption forecasting** in collaboration with selected leaders such as AWS. The company is also conducting proof-of-concepts (PoCs) with Large Large Language Models (LLMs) in areas such as sales, where **AI analysis** of video calls helps representatives propose more personalized solutions to customers and **scale** the sales process.

ACQUISITION OF OWN SHARES

The parent company holds treasury shares valued at 0.1 M€ in December 2024, representing 0.42% of the Company's share capital and totalling 60,044 shares (60,044 shares at December 2023), at an average acquisition price of 1.46 euros per share.

FINANCIAL INSTRUMENTS

The Group considers that there are no risks affecting its operations that are not disclosed in Note 17.

STATEMENT OF NON-FINANCIAL INFORMATION

In accordance with Law 11/2018, the Group's Statement of Non-Financial Information (NFI) is included as an annex to this management report and forms an integral and explicit part of it.

FORMULATION OF THE MANAGEMENT REPORT BY THE MANAGEMENT BODY

In compliance with the provisions of current legislation, the directors of HOLALUZ-CLIDOM, S.A. have prepared the Company's management report for the year ended 31 December 2024.

He also declares that he has signed the aforementioned document in his own handwriting, by signing this page, which is attached hereto, and which extends from pages 1 to 28.

Barcelona, 14th April 2024

Ms. Carlota Pi Amorós
Chief Executive Officer

Mr. Ferran Nogué Collgròs

D. Oriol Vila Grifoll

Mr. Eduardo Soler Vila

Ms. Elena Gómez del Pozuelo