

Holaluz presents the results for the first half of 2023 and Q3 KPIs update

## Holaluz achieves normalised EBITDA break-even point in September and reiterates 2023 guidance

- The **residential solar market has experienced a 25-50% decrease in the first three quarters of 2023**, given the high decrease in electricity prices relative to 2022 and the high interest rates environment. Consolidated normalised EBITDA for the first half amounted to **-€5.4M**.
- Despite this, **Holaluz expects to meet the low range of the guidance for 2023** in both solar contracts under management and consolidated normalised EBITDA. Preliminary Normalised EBITDA for the third quarter is **+€5.9M**, reaching the **break-even point** in the Normalised EBITDA accumulated in September.
- Holaluz has also managed to improve its **operational excellence** by implementing decisive measures aimed at **improving the gross margin and reducing operating costs** at the same time. As a result, the company has achieved **record company financial metrics in both Solar and Energy Management throughout the year**, which has enabled the generation of **€9.5M positive free cash-flow** in the period of May-August.
- In the **solar business**, Holaluz is **consolidated at 280+ monthly Solar sales**, increasing its market share and significantly improving unit economics as a result of the sale of larger installations, flexible assets penetration such as batteries, improvements in costs of goods sold and the optimisation of acquisition costs.
- In **Energy Management**, the "Tarifa Justa" flat rate product has led to an **unprecedented improvement in unit economics thanks to lower customer service costs, reduced churn rates and improved customer satisfaction**.

**Barcelona, October 31, 2023.** Holaluz, an energy transition company aiming to decarbonise the economy, today presented its results for the first half of 2023 and an update on its business figures for the third quarter of 2023.

Holaluz closed the first half of the year (ended 30 June) with a normalised EBITDA of -€5.4M in the first half of the year marked by the decline in electricity consumption - as a consequence of a warm winter - and energy prices, as well as a slowdown in Solar. Despite this, the company has reversed these results, reaching a positive normalised EBITDA of €5.9M at the end of the third quarter (30 September), reaching break-even point in normalised EBITDA and well in line to meet the low range of the guidance for 2023.

In terms of total revenue, the context of stabilisation of energy prices together with the decommission of gas commercialisation in October 2022 have impacted the company's revenue with a decrease of 45.4% compared to the same period of the previous year (a total of €323.4M). The solar business has seen a 35% increase in revenue (+ €3.5M) as a result of a higher number of installations and the increase in the average ticket due to sales of larger installations and penetration of flexible assets such as domestic batteries.

In gross margin, the company achieved a record margin of 17.1% in the first half thanks to the migration of customers to the Tarifa Justa (flat electricity tariff) in Energy Management, and the larger size of the installations, the sale of batteries and improvements in costs of goods sold in the Solar business. This figure was exceeded in the third quarter with a gross margin of 31.2%, partly due to the seasonal nature of the Tarifa Justa revenues.

The total number of electricity contracts at the end of September was 325,000 and the number of solar contracts under management (solar installations under management and electricity contracts) was 13,803 (+50% year-on-year).

**The solar business consolidated its growth with 280 monthly sales and an increase in the gross margin to 43.8% in the first half of the year.**

Holaluz consolidated at 280+ monthly Solar sales and expects to close the year with a number of installations comparable to 2022, in a 2023 in which the residential solar installation market in Spain has experienced a decrease of between 25% and 50% given the drop in electricity prices compared to 2022 and the high interest rates environment.

The gross margin per installation also recorded a new record, rising from 35.7% in 2022 to 43.8% in the first half of the year and 50% in the third quarter.

**Carlota Pi, CEO and co-founder at Holaluz comments:** "Spain is betting on electrification in the residential sector and transportation as a decarbonization strategy, as outlined in the National Energy and Climate Plan. But these plans are currently not materializing. In parallel,

Europe, in the context of the current geopolitical and energy crisis, has urged member states to review their strategies to achieve more ambitious goals, with a focus on supply security.

In this context, the potential of the distributed energy model and electrification of demand to transform Spain is enormous, aided by the amount of sunlight, existing grids, and consumption patterns. Thanks to the distributed energy and demand electrification model, we estimate that families could save more than €85 billion per year.

As of the end of 2022, the number of domestic installations was less than 300,000, which is less than 0.3% of the total. Germany is already above 20%, the Netherlands at 35%, Hawaii at 35%, California reaching 25% – with almost 100% battery penetration. Australia has 1 kW of distributed solar power installed per capita, while in Vietnam, they installed 7 GW of distributed solar on their citizens' rooftops in six months – equivalent to 14 combined-cycle power plants. In Spain, the current battery penetration is virtually non-existent.

The Spanish Government has published a new PNIEC with a goal of 19 GW of self-consumption for 2030 (compared to the current ~2 GW installed base of residential installations), which will continue expanding the market. Lastly, electricity prices continue being 50 - 100% higher than pre-Ukraine war prices and VAT reductions and special taxes reductions are expected to be removed in the short term. Therefore, all fundamentals behind the Rooftop Revolution and Holaluz remain intact.

Holaluz's value proposition is unparalleled in the market, with 75% of our customers achieving electricity savings larger than 70% and installing in less than 45 days after the date of sale. Moreover, residential batteries make 60% of Holaluz customers pay 0 euros bills"

### **Record gross margin in Energy Management thanks to the migration of the client portfolio to the "Tarifa Justa".**

In Energy management Holaluz continues to collect benefits from its decision to migrate the portfolio of electricity customers to Tarifa Justa during the first and second quarter of 2023, after having analysed the customer satisfaction indicators of this product during more than 4 years. Holaluz's Tarifa Justa product has had on a sustained basis twice the NPS (Net Promoter Score) than the legacy products.

In the first half of the year Holaluz achieved a gross margin of 14.9%, despite a challenging first quarter marked by the drop in energy prices and consumption in a portfolio not migrated to Tarifa Justa. However, during the third quarter, the company achieved a record gross margin of 29.4%, associated with the seasonal nature of Tarifa Justa revenues. Holaluz expects to close the year with a gross margin of around 19.5%.

In addition, the migration to Tarifa Justa has generated annual savings of 45% in direct costs related to customer service. All this has made it possible to reduce call centre costs by 57% - as customers pay fixed monthly rates and therefore they do not need to contact Holaluz - and 20% in direct personnel costs as back-office teams activities (e.g. invoicing) are drastically simplified under Tarifa Justa

### **Holaluz continues expanding its customer-centric and impact-driven business model**

In the first half of the year, the green energy technology company obtained a 4-star rating on Trustpilot - the main platform that collects customer opinions - confirming the company's commitment to putting customers at the core of its decisions. In this regard, last July, Holaluz was awarded with the Ecovadis Gold Medal for its leadership in sustainability, thus reinforcing its positive impact business model.

Finally, on 9 May Holaluz announced a strategic agreement with Tesla for the commercialisation and installation of its Tesla-Powerwall domestic batteries in Spain. After the first months of sales, the penetration rate for the batteries exceeds 15%, with more than 60% of Holaluz customers with batteries achieving €0 bills.

### **Guidance update for 2023-2025.**

The company has also provided an update of its business plan for the financial years 2023-2025. In Energy Management, Holaluz reiterates the normalised EBITDA at €24-27 M for 2024-2025 as the reduction in the number of solar contracts managed is offset by the total number of contracts managed. In Solar, Holaluz delays normalised EBITDA by one year, however reducing the break-even point from 800-1,000 installations to around 600 thanks to the implementation of measures to improve operational excellence.

**2024 outlook: regulatory progress, launch of leasing subscription-based product for Solar, creation of the first Virtual Power Plant in Spain, improvement of the Tarifa Justa and higher penetration of flexible assets.**

For the coming year, the company will work to ensure collective self-consumption takes off at scale to facilitate the production and consumption of 100% green, km. 0 electricity.

In this regard, Holaluz is preparing for the launch of a subscription-based leasing product to expand the market to clients willing to rent solar PV systems while continuing to work to increase the penetration of flexible assets (batteries and EV chargers) to offer maximum savings to its customers. In addition, the green energy technology company will continue to enhance the Tarifa Justa green electricity subscription product.

Finally, thanks to Holaluz's leadership in technology and data, the company is moving forward to create the first Virtual Power Plant in Spain with the aim of remotely optimising its customers' flexible assets (batteries and EV chargers) and thus improving their electricity tariffs while bringing flexibility and renewable electricity to the system.

For more information

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