Press release

The company provides an update on Q4 KPIS.

Holaluz delivers on Normalised EBITDA guidance, reaching 3M€ for FY2023

- Holaluz **doubled** its solar market share in 2023 to over 3% by the end of December from 1.6% in 2022. Its **unique value proposition** allows it to maintain steady solar sales growth, despite the 49-54% slowdown in the residential solar market according to UNEF and APPA data. This market share is in line with the market share of top residential solar companies in Europe.
- Both **Solar** and **Energy Management** achieve **record profitability in Q4 2023**, surpassing record Q3 numbers. This achievement is due to operational excellence and adaptation of the company's cost structure.
    - **Solar** registered a **gross margin of 48.9% over sales** thanks to a 30% increase in the average ticket size due to the sale of larger installations and an increase in the battery penetration rate; COGS optimization of more than 20% and a 47% reduction in lead acquisition costs.
    - **Energy Management** has achieved a record contribution margin thanks to the operational improvements obtained from the "Tarifa Justa" which have led to a **58% reduction in external call center costs** as well as a very significant improvement in churn, bad debt, customer satisfaction and a simplification of billing.
    - Holaluz has a portfolio of **+325,000 contracts under management by Q4-2023**.
- Holaluz **continues expanding its customer-centric and impact-driven business model,** obtaining the ISO:14001 EMS certification and achieving the following ESG milestones: 2.7 mT of CO_2 avoided to the atmosphere since its foundation, 4 out of 5 stars in Trustpilot, 42% of women across the company and 29% of women in the Board of Directors.
- By 2024, the company will focus on 5 key strategic areas: Unleashing the power of **Distributed Generation,** launching the **Subscription-Based leasing product for Solar,** increasing the p**enetration of flexible assets** (batteries and EV chargers), enhancing **Tarifa Justa** green electricity subscription product for EM and launching the first Virtual Power Plant (VPP) in Spain.

Barcelona, 31 January 2024. Holaluz, an energy transition company aiming to decarbonise the economy, today provided an update on Q4 2023 KPIs as well as a forecast on normalised EBITDA for the financial year 2023.

The company expects to meet the low range (3-5 million euros) of normalised EBITDA forecasts for the 2023 financial year according to the business plan published on 31 October, reaching 3M€.

Despite challenging market conditions - where the residential solar sector in Spain has experienced 49-54% slowdown due to higher interest rates, a false perception of lower energy prices and the end of Next Generation subsidies - Holaluz has managed to expand its market share of the solar business from 1.6% in 2022 to more than 3% in 2023. This represents a 2x increase compared to 2022 (1.6% -2%). This market share places the company as one of the main players in the Spanish residential solar market and is in line with the top 3 players in Germany, the largest distributed generation market, which have an average individual market share of 5-8%.

This improvement has translated into record unit economics for both Solar and Energy Management, achieving positive financial metrics as a result of improved operational excellence. This has materialised from the implementation of measures aimed at improving the gross margin while reducing operating costs (completed with an organisational resizing by the end of 2023).

The Solar business has achieved a sales rate at the end of 2023 similar to 2022, which places Holaluz above the sector average, generating profitable sales with high value for the customer and the company while proving the superiority of its value proposition. Solar contracts under management in Q4 increased 2% quarter-on-quarter (763 total sales).

The solar gross margin over sales reached 48.9%, an increase of 21.2% year-on-year. This improvement was due to the sale of larger installations, a higher penetration of batteries (15% since the launch in May 2023), the optimisation of COGS (Cost of goods sold), achieving a reduction in unit costs of more than 20% year-on-year and a 47% year-on-year reduction in the cost of acquiring potential customers. This led to a 30% year-on-year increase in the average ticket size per installation. The greentech company has also implemented other strategic measures, resulting in a further optimisation of the structure of the sales and installation teams as well as a reorganisation of the warehouse and supply chain in line with the new operational sales structure.

As for the number of installations, at 31 December the number of installations carried out and invoiced was 2,791, of which 467 were in Q4.

In Energy Management Holaluz continues benefiting from the decision to migrate the electricity customer portfolio to the Tarifa Justa (green energy flat rate) during the first and second quarters of 2023.

Tarifa Justa simplifies the billing process and minimises the variability of customers' monthly expenses, generating higher customer satisfaction, greater operational efficiencies - resulting in savings of 58% year-on-year in customer service related costs and an improvement in the turnover and delinquency rate.

On the revenue side, revenues from the sale of solar installations in the fourth quarter amounted to EUR 5.7 million (-2% quarter-on-quarter and -53% year-on-year). These results contrast favourably with the more significant decline in installation volumes (-63% year-on-year and 19% quarter-on-quarter) which highlights the viability of Holaluz's strategy to increase profitability by increasing the average ticket size per installation from larger installations and the increased of batteries penetration.

Energy Management revenues decreased 26% year-over-year and 35% quarter-over-quarter due to lower energy prices compared to the unprecedented upward price trend experienced in the last months of 2022.

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

Holaluz's ESG DNA and its impact business model demonstrate that it is possible to generate both economic and positive impact on the planet and people. Since its foundation, the company has avoided the emission of more than 2.7 mt of CO2e, including 191,966 t of CO2e avoided in 2023 alone. Furthermore, in December 2023, Holaluz obtained ISO 14000 certification for its environmental management system (EMS), which reiterates its environmental commitment.

As part of the company's commitment to its customers, Holaluz closed Q4 with the highest score in the sector on Trustpilot - a platform that collects customer opinions - obtaining a rating of "Excellent" with 4 stars (4.0 points), a substantial improvement on the score of 2 stars (2.2 points) obtained in March 2023.

Holaluz is also committed to equality and diversity. Despite operating in a traditionally male-dominated sector, the company has 42% of women across the company and 29% of women in the Board of Directors.

Holaluz's roadmap 2024

For 2024, the company will focus to continue to drive distributed generation at scale in order to facilitate the production and consumption of 100% green and 0 km electricity. In this regard, Holaluz is preparing to launch its solar leasing product by subscription while continuing to work to increase the penetration of flexible assets (batteries and EV chargers) to offer maximum savings to its customers.

The greentech company will also continue to enhance the green electricity subscription product Tarifa Justa. 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 customers' flexible assets (batteries and EV chargers) and thus improving electricity tariffs while bringing flexibility and renewable generation to the electricity system as a whole.

For more information

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