LIGHTHOUSE
INSTITUTO ESPAÑOL DE ANALISTAS

Holaluz Clidom

EQUITY - SPAIN
Sector: Electric Utilities

Closing price: EUR 1.28 (11 Jun 2025)
Report date: 12 Jun 2025 (15:00h)

Initiation of Coverage
Independent Equity Research

Holaluz (HLZ) ,founded in Barcelona in 2010, is a greentech focused on the supply of 100%-renewable electricity, the representation of producers in the electricity market and the installation of PV solar systems for self-consumption. In 2024, it had c.300k contracts and was managing 15,200 solar installations. The three founding shareholders control 38% of the company and are fully involved in the company's management.

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Market Data

Market Cap (Mn EUR and USD)	28.0	32.2
EV (Mn EUR and USD) (1)	64.5	74.0
Shares Outstanding (Mn)	21.9	
-12m (Max/Med/Mín EUR)	1.63 / 1.29 / 0.87	
Daily Avg volume (-12m Mn EUR)	0.05	
Rotation(2)	48.7	
Factset / Bloomberg	HLZ-ES / HLZ SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)(6)

Fondo Axon ICT III	14.4
Icosium	14.1
Carlota Pi	12.6
Ferrán Nogué	12.6
Free Float	27.9

Financials (Mn EUR)	**2024**	**2025e**	**2026e**	**2027e**
Adj. nº shares (Mn)	21.8	21.9	21.9	21.9
Total Revenues	271.9	265.3	283.2	293.4
Rec. EBITDA	-3.0	7.0	9.8	12.3
% growth	*41.5*	*328.7*	*40.6*	*26.1*
% Rec. EBITDA/Rev.	*n.a.*	*2.6*	*3.5*	*4.2*
% Inc. EBITDA sector(3)	*3.9*	*10.9*	*5.6*	*5.5*
Net Profit	-31.5	-9.7	-7.2	1.9
EPS (EUR)	-1.44	-0.44	-0.33	0.09
% growth	*-14.0*	*69.4*	*25.6*	*126.5*
Ord. EPS (EUR)	-1.22	-0.44	-0.33	0.09
% growth	*1.4*	*63.8*	*25.6*	*126.5*
Rec. Free Cash Flow(4)	14.8	-35.1	-2.5	-1.0
Pay-out (%)	*0.0*	*0.0*	*0.0*	*0.0*
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	41.1	58.7	61.2	62.2
ND/Rec. EBITDA (x)	n.a.	8.4	6.3	5.0
ROE (%)	*n.a.*	*n.a.*	*n.a.*	*n.a.*
ROCE (%)(4)	*n.a.*	*n.a.*	*n.a.*	*12.9*

Ratios & Multiples (x)(5)				
P/E	n.a.	n.a.	n.a.	14.7
Ord. P/E	n.a.	n.a.	n.a.	14.7
P/BV	n.a.	n.a.	n.a.	n.a.
Dividend Yield (%)	*0.0*	*0.0*	*0.0*	*0.0*
EV/Sales	0.24	0.24	0.23	0.22
EV/Rec. EBITDA	n.a.	9.3	6.6	5.2
EV/EBIT	n.a.	n.a.	n.a.	12.0
FCF Yield (%)(4)	*n.a.*	*n.a.*	*n.a.*	*n.a.*

(1) Please refer to Appendix 3.
(2) Rotation is the % of the capitalisation traded - 12m.
(3) Sector: Stoxx Europe 600 Utilities.
(4) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.
(5) Multiples and ratios calculated over prices at the date of this report.
(6) Others: Oriol Vila 12.6%, Geroa Pentsioak 5.7%

A sine qua non condition

ROM GROWTH TO CONTRACTION: SHIFT AT HLZ. HLZ underwent a period of sharp growth fuelled by high electricity prices and business expansion (EUR 923 Mn of revenue and c.300k supply points in 2022), followed by a period of contraction marked by revenue shrinkage (-56% in 2024) and the need to resize the business, particularly the Solar business. The restructuring work undertaken (2023-2024) has partially stabilised the business, laying the groundwork for a return to positive recurring EBITDA from 2025e.

THE RESTRUCTURING PLAN: A PREREQUISITE FOR THE COMPANY'S CONTINUITY. Following court approval for the Restructuring Plan in June 2025, payment of the second tranche of the capital injection committed to by Icosium (EUR 15.52 Mn) is critical. At the time of writing, only the first tranche had been paid in (EUR 6.48 Mn). Although our projections assume full effectiveness of the Plan, we are forecasting cumulative negative FCF in 2025e–27e of c.EUR 40 Mn (essentially due to working capital needs), so that the company's financial viability, with a business currently incapable of organic deleveraging), depends on continued access to external financing (via equity and dilution).

THE KEY: BUSINESS REACTIVATION AND GROWTH IN SOLAR. HLZ's strategy is articulated around three pillars: (i) consolidation of the Fair Rate product as its central proposition; (ii) reactivation of the Solar business with a focus on more value-adding installations (and higher penetration of battery storage); and (iii) operational gearing thanks to the technology platform. Shaped by these levers, we are estimating a gradual recovery in revenue (CAGR 2025e-27e: +5%) and significant EBITDA margin expansion (2.6% in 2025e to 4.2% in 2027e).

A MODEL WITH CHANCES OF SUCCESS BUT 100% CONTINGENT ON THE RESTRUCTURING PLAN. HLZ's greentech utility model puts it in a unique position to capitalise on the energy transition in Spain. Which is not yet reflected in its P&L. Its profitability currently still comes from the supply business. However, the debt Restructuring Plan is a *sine qua non* condition for the company's viability and, as of now, implies a binary situation (it conditions our projections entirely). There is room for growth and margin expansion. But access to capital (in the short, medium and long term) is decisive. And implies very high risk. The share price, heavily penalised since 2022, reflects that risk. Completion of the Restructuring Plan would provide a clear catalyst.

Relative performance (Base 100)

Stock performance (%)	**-1m**	**-3m**	**-12m**	**YTD**	**-3Y**	**-5Y**
Absolute	10.3	-19.7	-4.5	18.5	-88.4	-80.6
vs Ibex 35	5.8	-26.9	-24.5	-2.8	-93.1	-90.0
vs Ibex Small Cap Index	4.7	-29.3	-20.0	-7.4	-90.4	-88.9
vs Eurostoxx 50	8.6	-21.0	-12.1	7.6	-92.2	-88.7
vs Sector benchmark(3)	7.0	-28.8	-19.5	1.9	-90.2	-85.5

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

Holaluz Clidom (HLZ) is a BME Growth company

BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are currently c.130 companies listed on it. Companies listed on the MAB can choose to present their financial statements under IFRS or the General Accounting Plan (PGC) and Royal Decree 1159/2010 (NOFCAC).

HLZ: margin for earnings growth but 100% contingent upon successful completion of the Restructuring Plan and continued access to financing

HLZ is a greentech player focused on the energy transition and listed on BME Growth.

Holaluz (HLZ) is a small non-conventional utility (greentech) specialised in 100%-renewable solutions with an innovative business model that combines: (i) the supply of electricity (ii) representation of renewable producers; and (iii) the installation of solar energy systems for self-consumption/distributed generation. Founded in 2010 and based essentially in Spain, HLZ has achieved high growth thanks to its ability to innovate (as exemplified by its star product, Fair Rate) and its goal of turning consumers into prosumers (consumers and at the same time, producers). Thanks to development of a proprietary technology platform and its approach to distributed generation.

It has an innovative model underpinned by a proprietary technology platform.

In recent years, HLZ has undergone radical operating and financial transformation, raising two key questions: What is HLZ today? What can we expect from this company in 2025e-2027e?

A) Where is HLZ today? (2022-2024)

An analysis of HLZ's performance in 2022-2024 reveals:

Exponential growth in 2021-2022…

- **Significant growth in 2021 and 2022**, with revenue surging to EUR 923.3 Mn in 2022 (vs EUR 236 Mn in 2020). The main drivers of that growth were: (i) growth in the number of supply points thanks to heavy investment in customer acquisition (reaching c.300k MPANs in 2022); and (ii) electricity price growth in Spain (average end user price of 40 EUR/MWh in 2020 vs 119 EUR/MWh in 2021 vs 204 EUR/MWh in 2022). In addition to high electricity prices, the low rate environment sparked demand for solar facilities for self-consumption, which materialised in record installations in Spain in 2022. In that environment, HLZ decided to acquire three companies devoted to the installation of solar panels, sizing up to meet the growth in demand.

…and business restructuring following sharp contraction.

- **However, the macroeconomic and sector context shifted under its feet in 2023**, when inflation roared, interest rates went higher and energy markets turned volatile, with prices falling sharply. This drove a significant contraction in HLZ's revenue, c.33% in 2023 and a further correction of 56% in 2024, falling back to EUR 271.9 Mn that year. This new environment, in which the company found itself substantially oversized, particularly in the Solar business, triggered major cost and workforce rationalisation in 2024.

- **During this timeframe, HLZ marketed its Fair Rate product as a unique proposition** for mitigating volatility and offering domestic customers greater visibility around their electricity bills, thanks to which approximately 70% of this segment has signed up for this formula. This strategy has helped the company reduce business risks and optimise operating expenses, particularly with respect to administrative management and customer service.

Fair Rate accounts for 70% of the residential customer business.

- **Earnings at HLZ registered a considerable improvement in 2024.** Thanks to the cost and staff rationalisation efforts, the company managed to contain costs, reduce its workforce by 37% (mainly affecting the Solar unit) and automate administrative processes, generating external cost savings (e.g. call centre services). This cost containment unlocked considerable progress towards a profitable model at the consolidated level.

In 2024, HLZ bolstered its earnings by cutting staff and automating processes.

- **However, HLZ also faced important financial tensions, notching up high losses and leveraging**, triggering the onset of a debt restructuring plan. The arrival of a new investor, Icosium, which has committed to injecting EUR 22 Mn of equity, marks an inflexion point in stabilising the company's capital structure. At year-end 2024, HLZ received some of that equity (see) and was advancing on its business rationalisation. Nevertheless, FCF remains negative and the company continues to be highly dependent on external financing.

HLZ faces financial stress and relies on Icosium to stabilise its capital structure.

The key takeaway from our analysis of 2022-2024 therefore is that HLZ went through a period of sharp growth, driven by business expansion and high electricity prices, followed by a period of contraction, marked by the loss of supply points and revenue, oversized operations and an non-viable capital structure. The restructuring and efficiency measures taken have boosted earnings but the company ended 2024 with negative cash flow and a dependence on financing, triggering the implementation of a restructuring plan, underpinned by the entrance of a strategic partner, Icosium.

B) Where is HLZ headed? (2025e-2027e)

Restructuring Plan received court approval in June 2025...

At the time of writing, HLZ had achieved a key milestone in its financial restructuring process, having obtained court approval (from Barcelona Commercial Court No. 5) for its Restructuring Plan on 2 June 2025. The Plan, which encompasses the company's bank loans, working capital lines, MARF-listed commercial paper and surety lines, is essential to restoring operational viability in the short term.

... but phase two of the equity injection from Icosium is pending for full effectiveness.

The Plan is contingent on two milestones: the first, already met, was court approval for the agreement; the second, pending at the time of writing, is the full payment of the EUR 22 Mn committed to by Icosium, of which EUR 6.48 Mn was paid in in March 2025. Delivery of the second milestone (payment of a further EUR 15.52 Mn) is critical as it conditions full effectiveness of the Restructuring Plan and, by extension, the survival of HLZ. Our baseline projections assume the second milestone will be met, although we explicitly flag the risk of its non-materialisation.

Far-reaching business restructuring, coupled with full effectiveness of the financial restructuring plan, paints a picture of a gradual earnings recovery at HLZ.

Revenue expected to stabilise in 2025e.

- **We expect revenue to stabilise in 2025e**, having contracted in 2023-2024, followed by moderate growth in 2026e and 2027e (CAGR 2025e-27e: +5%). Our forecast for a recovery in revenue is underpinned by the following assumptions:
    - **Consolidation of the Fair Rate product**, which gives domestic customers electricity consumption and cost visibility and clarity.
    - **Reactivation of the Solar business,** fuelled by new green financing lines (ICO), favourable regulatory developments for collective self-consumption/distributed generation and growing penetration of energy storage solutions, like batteries.

Gradual improvement in recurring EBITDA out to 2027e.

- **In parallel, HLZ will continue to rationalise its structure and optimise its technological and administrative processes**. These actions should translate into operational gearing and lift the recurring EBITDA margin. We are estimating a shift from a negative margin of 1.1% in 2024 to a positive margin of 2.6% in 2025e and 4.2% by 2027e, evidencing greater stability and efficiency. In addition, the company plans to reposition the Solar business to focus on higher value-added installations and increase its exposure to batteries (c.50% in 2024 vs c.15% in 2023).

FCF expected to remain negative due to normalisation of working capital and ongoing CAPEX.

- **However, the earnings recovery will be accompanied by structural financial challenges.** FCF is set to remain in negative territory for 2025e-2027e due normalisation of working capital and the constant need to reinvest in technology, innovation and customer acquisition in order to remain competitive and sustain growth. The accumulated deficit in FCF, estimated at c.EUR 40 Mn, means that HLZ will need permanent access to sources of financing, such as capital increases or hybrid instruments, increasing the risk of potential dilution for existing shareholders.

Icosium has an important role to play in completing the restructuring and providing backing for strategic investments

- **Against this backdrop, the strategic alliance with Icosium is fundamental to strengthening the company's financial position and facilitating investment in key areas**, such as technology development, customer acquisition and the exploration of new lines of business, including gas-related initiatives. Icosium's support during this period of consolidation and expansion will be critical to ensuring its financial viability and delivering HLZ's strategic targets in the short and medium term.

In short, although HLZ is showing clear signs of recovery and rationalisation, the sustainability of its growth depends on effective materialisation of the Restructuring Plan and continued access to external financing in an environment that may well remain challenging.

C) Although HLZ boasts key strengths, their monetisation requires reducing/eliminating current high financial/capital structure risk.

We would highlight the following HLZ strengths:

- HLZ has a proprietary technology platform that optimises business management end to end, as it covers forecasting and energy purchases through to customer billing and service. This technology infrastructure allows it to develop innovative and efficient products, giving it a competitive advantage in the market.

Proprietary technology, customer base and strategic support for consolidation of the business model.

- HLZ has begun to position itself in the development of Virtual Power Plant (VPP) solutions, leveraging its technology platform and solar energy customer base. This approach is allowing it to add and coordinate distributed resources (PV facilities, batteries, electric chargers, etc.), staying a step ahead of the emerging energy model, more flexible and decentralised.

- Its positioning in the Spanish market, in the context of the energy transition and growing demand for renewable energy and solar energy systems, provides it with a firm base for sustaining and accelerating its growth.

- In addition, its recurring customer base and consolidation of its subscription model are helping to lift profit margins and reduce management costs.

- The arrival of the new strategic partner, Icosium, brings financial resources and experience, which are key to implementing the business plan and bolstering the company's ability to invest and grow.

However, HLZ faces a series of very significant risks:

- Its exposure to wholesale market volatility and the existing limits to its hedging strategies could have an adverse effect on its profit margins.

- The anticipated growth in the Solar business depends on external factors, such as developments in regulations, logistics and demand, which could suffer adverse changes.

- Geographically, exclusive reliance on the Spanish market increases the company's exposure to possible regulatory changes or adverse conditions in the local market.

Critical dependence on external financing for survival.

- The Fair Rate model, structured as a fixed monthly fee, requires accurate adjustments for the differences between real and estimated consumption. Significant deviations can generate customer dissatisfaction, creating reputational risk in a highly competitive landscape that is very sensitive to the user experience.

- Structural dependence on external financing implies a considerable risk of dilution and requires critical management of the debt maturity schedule to lock in the company's sustainability.

- The starting point (June 2025, the date of this report) is an ultra-leveraged balance sheet at a company with negative equity and no clear path to positive FCF generation in the short or medium term. As a result, the Restructuring Plan represents the biggest risk for HLZ in the short term as it is all or nothing and this matter has yet to be fully resolved.

D) Conclusion: an innovative model with chances of success but that is 100% contingent on financing. An unresolved issue.

Having analysed HLZ's recent performance, it is key to look beyond the short term to understand the strategic drivers that will forge its future. Here we highlight three structural and positioning-related factors that we think will shape the company's next phase of development.

Model aligned with the energy transition with a focus on supply and distributed generation

- **Innovative business model aligned with key medium-term trends (energy transition and digitalisation of the electricity sector).** HLZ's technology platform and consolidated positioning in electricity supply and distributed generation put it in a favourable position to capitalise on growth opportunities in the Spanish market.

Full effectiveness of the restructuring and access to finance are key to a sustained recovery.

- **Scope for margin expansion, stabilisation and customer growth**, while maintaining an efficient cost structure.

- **Full effectiveness of the Restructuring Plan, coupled with ongoing access to finance, will be critical** to overcoming the current financial predicament and paving the way for sustained growth.

In our opinion, HLZ should be viewed today as a non-conventional utility (greentech) in the midst of consolidation of its business model. Despite the recent operating and financial tensions, its value proposition remains aligned with the structural vectors of the energy transition: electrification, digitalisation and self-

HLZ offers a competitive greentech model but comes with critical financial risks and an unfinished restructuring plan.

consumption/distributed generation. Its model, based on a proprietary technology platform, the Fair Rate product and a commitment to turning customers into "prosumers" (portmanteau of producer and consumer), gives it a competitive edge in the market.

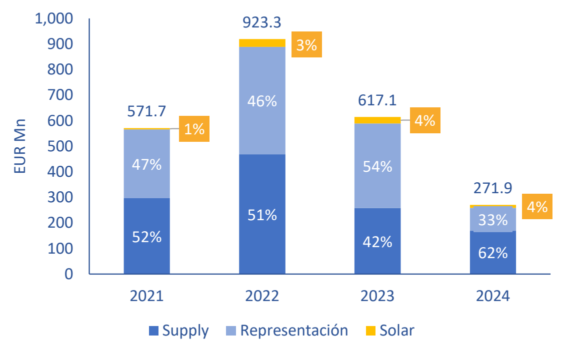
HLZ faces structural challenges around deleveraging, cash generation and access to financing, such that equity dilution remains an almost inevitable risk. Put simply, HLZ has a business model with tailwinds (regulatory and sector) whose successful execution depends on the ability to raise capital: the major restriction hanging over this story. As is clear from what happened in 2022-2023.

As a result, HLZ's performance in 2025e–2027e will depend first and foremost on full effectiveness of the Restructuring Plan, which remains conditional upon the second equity contribution committed to by Icosium. That second contribution (the "elephant in the room") is a *sine qua non* condition for our financial projections (if it does not happen, our projects are impossible). And for the company's future. This makes the Restructuring Plan (full receipt of the committed funds) the (only) matter to watch at HLZ today. Objectively, this means that risk at HLZ is very high.

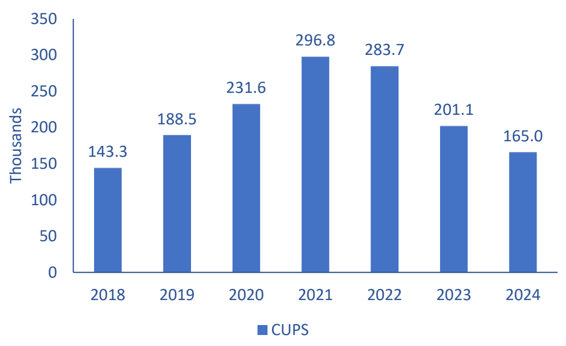
Finally, from HLZ's share price perspective, our projections imply a 2025e EV/EBITDA multiple of 9.3x, representing a c.+10% premium versus integrated utilities (8.3x) and a c.+20% premium versus independent energy suppliers (7.6x).

The company in 8 charts

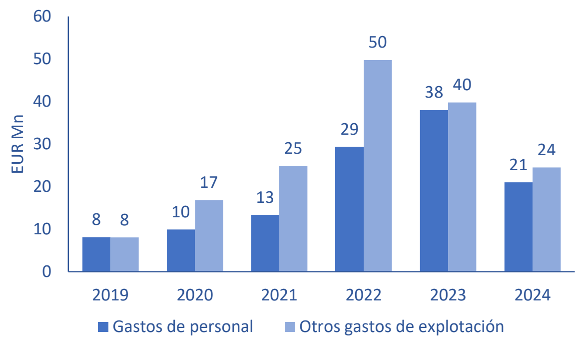
Greentech that offers services of commercialization, representation and installation and management of solar energy systems



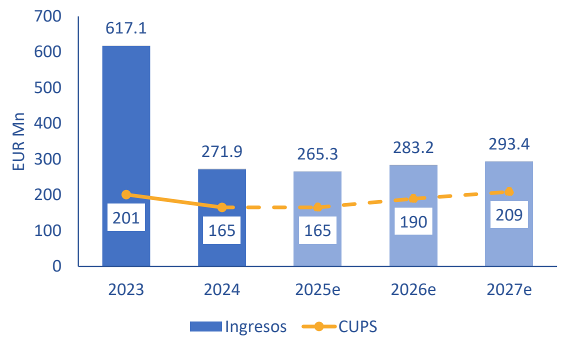
The company experienced strong growth through 2021, followed by an adjustment in the customer base



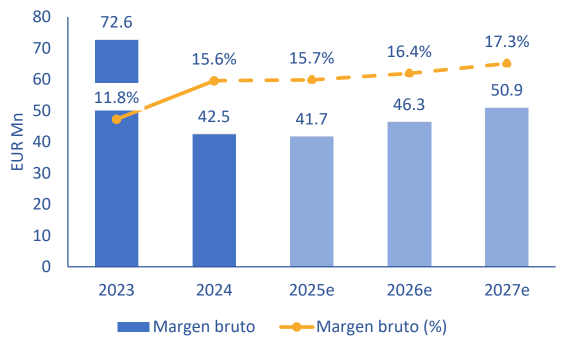
This situation led HLZ to adapt its operating structure (personnel expenses -45% vs 2023; other expl. expenses -38% vs 2023)



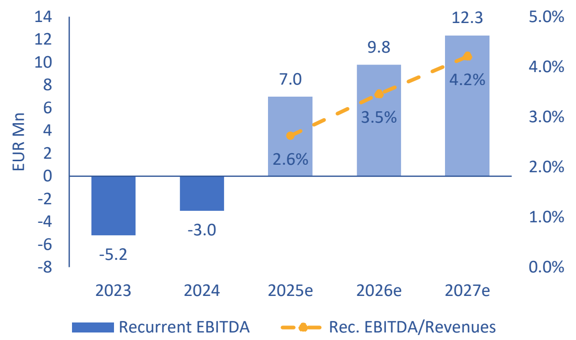
The operational restructuring lays the foundation to consolidate the business model and resume the growth path (CAGR 24-27e: +2.6%)



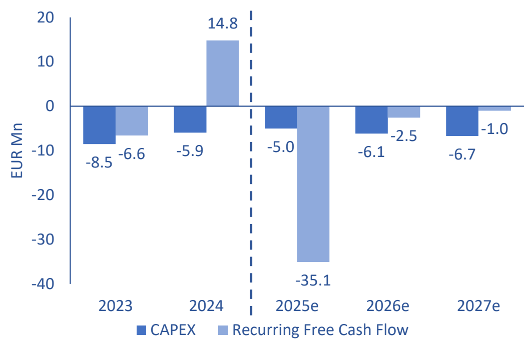
The proprietary technology platform and the Tarifa Justa continue to drive a sustained improvement in gross margin



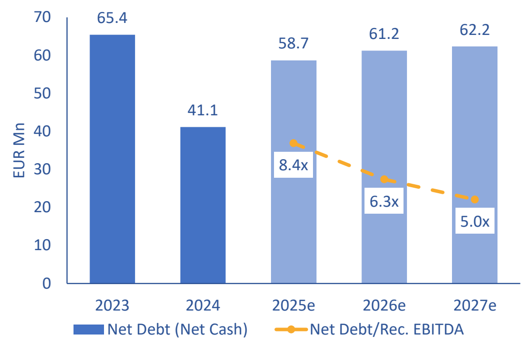
Cost containment and operational efficiency pave the way for a return to positive adj. EBITDA in 2025e (adj. EBITDA margin of 2.6%)



Despite operational improvements, the model requires investment in innovation and acquisition, keeping FCF negative over 25e–27e



Access to financing and deleveraging will be critical to executing the business plan (2025e net debt/adj. EBITDA: 8.4x)



A business model focused on leveraging the energy transition. Debt restructuring is still crucial.

Chart 1. Revenue

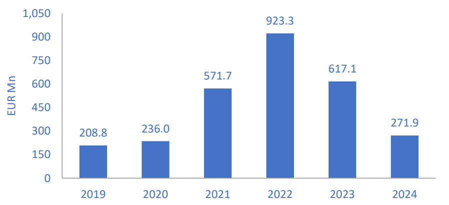


Chart 2. Income Breakdown

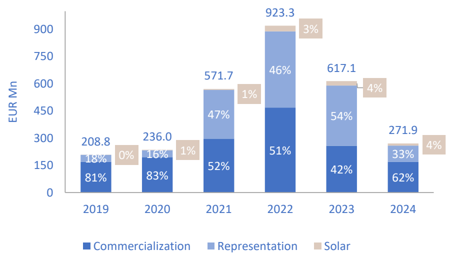
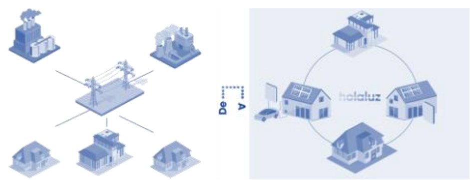


Chart 3. Electrical system model proposed by HLZ



Founded in 2010 and based in Barcelona, Holaluz (HLZ) is a small-cap non-conventional utility (greentech, Market Cap of EUR 28.0 Mn) focused on the energy transition. Its business model is predicated on a proprietary technology platform for decentralised energy management, enabling it to integrate and optimise different sources of distributed generation, storage and consumption.

This platform lies at the core of the business model and powers the company's two main verticals: Energy Management and Solar. The first integrates (i) 100% renewable supply, (ii) third-party representation, namely in the electricity market, for power stations that produce electricity, both centralized and distributed. The second encompasses the solar system installation and management (e.g., panels, batteries, chargers), all of which are intelligent and connected to the technology platform. The company currently gets most of its money from supplying green power and installing solar systems.

The three founding shareholders, Carlota Pi Amorós (CEO), Ferran Nogué Collgròs (Chief Energy Management Officer) and Oriol Vila, control 37.8% of share capital and are fully engaged in the company's management. In November 2019, HLZ held its IPO and began trading on BME Growth.

The company operates in Spain and holds a licence to operate in Portugal. The majority of its renewable energy suppliers also hail from Spain.

HLZ obtained revenue of EUR 271.9 Mn in 2024 (Chart 1) but in terms of recurring EBITDA reported a loss of EUR 3.0 Mn (EBITDA margin: -1.1%). Although the company obtains most of its revenue from Energy Supply and Representation (>95% of the total; Chart 2), it has stepped up its strategic commitment to solar power systems, with batteries and consumption digitalisation as growth and profitability levers.

Business model: operations powered by a technological platform

At the heart of HLZ's operations is its technological platform (>EUR 65 Mn invested, weight of intangible assets in fixed assets of >95% in 2024), which orchestrates consumption forecasts, energy purchases, billing algorithms, battery management, collective self-consumption and distributed assets (e.g., virtual power plants, EV chargers). Through this approach, HLZ is positioned as a digital company focused on energy transition, as well as vertically integrated across its value chain.

A business model that leveraging the sector's transformation

HLZ wants to the sector to transition from a centralised to a renewable-based model, combining centralised and distributed generation and driving consumers to become prosumers (i.e., that both produce and consume). The business model rounds off electricity sales with solar system installation and management. Where possible, the sale of electricity to retail customers stems from excess power generated by customers (5% of energy sold to customers in 2024).

HLZ groups its operations into two main lines of business:

1. Energy management (95% of revenue in 2024), comprising (i) supply of electricity and gas, (ii) representation of producers and (iii) management of solar facilities' excess output.

- **Electricity supply (62% of revenue in 2024)**. HLZ's core business. HLZ delivers power purchased on the electricity market from 100% renewable energy producers to end-customers. The energy is transported through the transmission and distribution networks for payment of an access tariffs. In return, the customer pays an amount to HLZ, which

Chart 4. Corporate structure (2024)

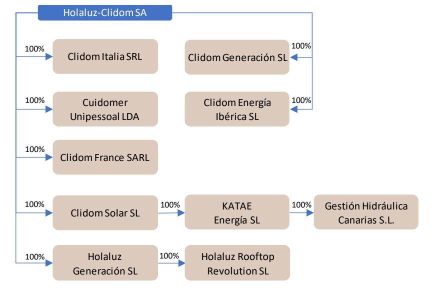
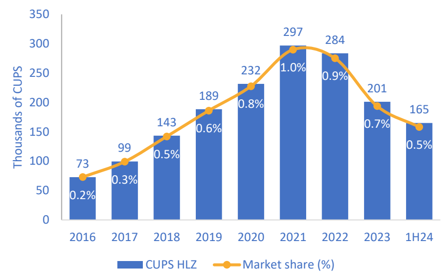
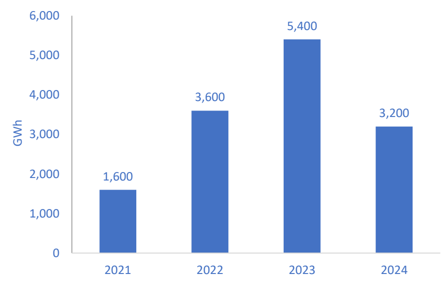


Chart 5. Evolution CUPS electricity HLZ



Source: Comisión Nacional de los Mercados y la Competencia (CNMC)

Chart 6. Evolution of energy represented in the electricity market by HLZ



includes taxes, access tariffs and electricity charges (regulated) plus and a supply margin. HLZ operates in the domestic-retail and SME markets.

- Domestic customers (> 90% of the total customer base in 2024). The company uses direct and indirect, as well as on-line channels for customer acquisition, offering three different rates:
    - The 'Fair Rate' (c.70% of domestic customers in 2024). This is a monthly flat rate. Customers pay a fixed amount (over a 12-month period) based on analysis of historical consumption data, irrespective of their real consumption. Contracts with this rate are renewed every 12 months and the rate is recalculated. Where applicable, HLZ refunds customers the difference between actual and estimated consumption the year before. No-contract plan.
    - Classic rate. Consumers pay what they consume each month. Same price every 24 hours. No-contract plan.
    - Rate 3. Consumers pay what they consume each month. Three time slots: peak, flat and valley. No-contract plan.

Rate	Price	Period	Review	Settlement and end of the period	Contract commitment
Fair Rate	Fat rate.	12 months	Annual	Yes	No
Classic rate	Fixed	12 months	Annual	No	No
Rate 3	Fixed (3 bands)	12 months	Annual	No	No

- Domestic customers and SMEs. Customer acquisition is primarily through an agent network. The agents do not work under exclusive contracts. Remuneration entails payment of a fixed amount per contract signed and a variable amount each month based on the energy consumed and paid for by the customer. Amounts billed to domestic customers and SMEs are determined based on consumption. In accordance with power contracted, customers may choose between a single price per KWh or two different prices based on time slot. Moreover, the prices may be fixed or vary daily in accordance with the wholesale market.

  Revenue from the Supply business depends primarily on three KPIs: (i) number of supply or feed points (meter point administration numbers, or MPANs), (ii) the amount of energy consumed by customers and (iii) the price of energy sold. Revenue from the Supply business in 2024 amounted to EUR 169.0 Mn. There were c.165k MPANs at year-end, with 745 GWh of energy supplied.

- **Gas supply (0% of revenue in 2024).** HLZ started up gas supply as a complementary service in November 2015. In October, the company discontinued the gas market due to market pressure in the wake of the war in Ukraine, the terms of the LRT[1] and the objective of decarbonising the energy system. The discontinuation of the gas supply business had a negative impact of EUR 4.8 Mn in 2023 and EUR 0.6 Mn in 2024, in addition to an amortisation charge of EUR 5 Mn related to capitalised customer acquisition costs. This affected c.70,000 contracts.

- **Representation of renewable energy producers (33% of revenue in 2024)**. This purpose of this business is not to generate profits, but rather to enable the company to offset purchase (as supplier) and sale (as representative of renewable producers) positions in the electricity market, thereby reducing working capital and guarantees posted. HLZ acts as agent on behalf of renewable producers before the market operator, OMIE[2], receiving a weekly amount for the energy represented. Subsequently, invoices are settled with the producer (between 30 and 60 days). The activity is designed to (i) reduce working capital requirements caused by supply—suppliers pay for energy purchases on a weekly basis,

[1] Last Resort Tariff.
[2] Operator of the Iberian Energy Market.

but are not paid by their customers until the following month— and (ii) to have sufficient renewable energy to meet demand for electricity.

Representation revenue in 2024 amounted to EUR 89.3 Mn, representing 3,200 GWh. KPIs for this line are (i) energy represented and (ii) average wholesale market price.

- **Distributed generation (c.5% of energy sold to customers in 2024).** Distributed energy entails power generated by small-scale solar renewable facilities situated close to supply points. Distributed generation includes the following types:
  - Purchase of excess energy from HLZ's self-consumption customers for sale to other customers located within 2 km.
  - Installation of HLZ-owned solar panels paired with customers' self-consumption installations to maximise capacity and generate electricity for use by other customers without installations.
  - Installation of panels in homes and premises to create a distributed generation network for customer supply.

2. Solar (5% of revenue in 2024), comprising solar energy system installation projects. Revenue from this business in 2024 amounted to EUR 12.2 Mn (-51% vs 2023), with 1,232 installations and c. 15,200 contracts under management at year-end[3].

Chart 7. Evolution of solar installations sold by HLZ

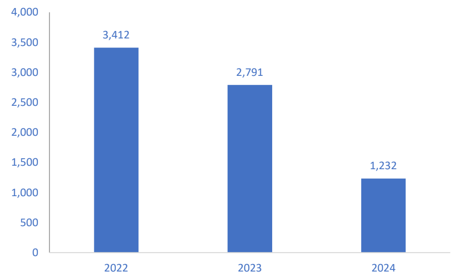


Chart 8. Evolution of solar contracts under HLZ management

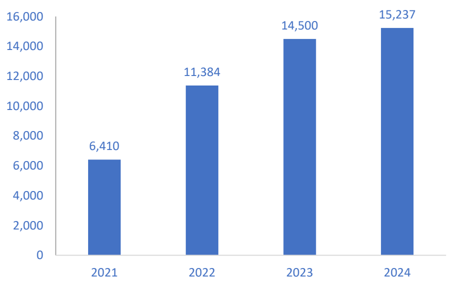
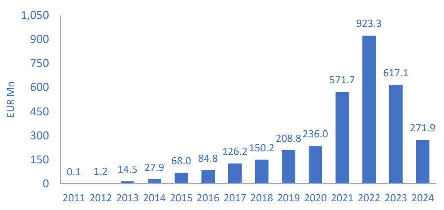


Chart 9. HLZ revenue evolution



What sets HLZ apart from other players?

HLZ's technology platform (CAPEX > EUR 65 Mn under development since 2010) has enabled the company to (i) streamline management of processes in the electricity market supply and operation cycle (e.g., consumption forecasts, energy purchases, billing algorithm) and (ii) vertically integrated processes of the Solar business, including virtual power plants (VPP) and flexible assets (e.g., EV chargers and batteries).

HLZ's Supply business targets market segments with wider margins and growth potential (domestic-retail and SMEs). The commitment to distributed generation—the objective is to install solar panels and manage the energy produced—is aligned with rapidly emerging medium- and long-term trends, like the energy transition[4] and the reduction in energy dependence.

HLZ has remained at the forefront of the industry through constant innovation (pioneer in 100%-renewable energy supply), the launch of the flat rate product (the Fair Rate) and its commitment to distributed generation. Underpinned by a two-business strategy, Energy Management and Solar, the company aims to transform m2 of rooftops into electricity producers, optimise the efficiency of its installations with flexible assets and distribute the energy generated in excess of self-consumption to other users.

HLZ's history can be characterised by two clearly distinct periods. A first period of exponential growth (2010-2021)…

This stage featured rapid growth, with the customer base growing from 3 in 2010 to (i) over 300 thousand electricity MPANs (1.1% of the total in Spain) and 70 thousand gas supply points (0.9% of the total in Spain) in Supply and (ii) 1,600 GWh of energy represented in the Representation business. During this period, HLZ entered into PPAs[5] with renewable producers (mainly PV solar and wind) to hedge customers' gross margin. It also struck up supply partnership.

To fund its rapid growth, HLZ increased capital several times (Table 1), led by the EUR 30 Mn equity issuance (18.7% of share capital) for its listing on BME Growth. In 2020, HLZ started up a new line of business, known commercially as "The Rooftop Revolution", which consists of the self-consumption installation, management and representation. HLZ also had to cope with the Covid-19 crisis during this period. It had an adverse impact on the business due to the slowdown in customer acquisition, the decrease in energy demand and the drop in prices on

[3] Customers with solar installations where HLZ manages the excess energy generated.
[4] The target of Spain's Integrated National Energy and Climate Plan 2023-2030 (NECP) is to have 81% of electricity generated come from renewables by 2030, with distributed generation accounting for 19 GW in the form of self-consumption.
[5] Purchase of electricity at a fixed price and specified time period, ranging from 1 to 10 years.

Table 1. Capital increases

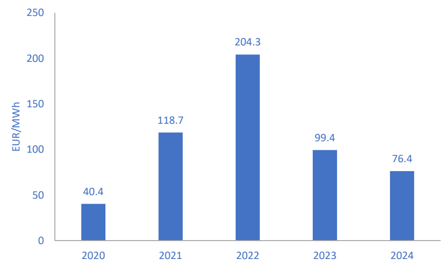
Year	Amount	Percentage	Investor	Implicit valuation
Completed capital increases				
2012	0.1	97.3%	Founders	0.1
2012	0.2	60.3%	Founders	0.3
2015	0.1	5.0%	Carles Leg	1.0
2016	2.0	20.0%	Axon Capital	10.0
2016	2.0	12.5%	Axon Capital	16.0
2019	10.0	10.0%	Geroa	100.0
2019	30.0	18.7%	IPO at BME Growth	160.1
2021	11.4	3.9%	MDR, Mediavideo	295.6
2021	6.7	2.2%	Abacon, Pelion and MDR	302.3
2025	6.5	14.1%	Icosium Investment	66.0
Total	**68.9**			
Announced capital increases and pending				
2025	15.5	22.5%	Icosium Investment	66.0
Total	**15.5**			

Table 2. M&A transactions

Date	Company name	No. of customers (#)	Price
Dec-21	Bulb Energy España	23,000	3.8
Jan-22	Fusiona Energía (cartera)	5,000	n.d.
May-22	Ovo Energy Esp. (cartera)	6,500	n.d.

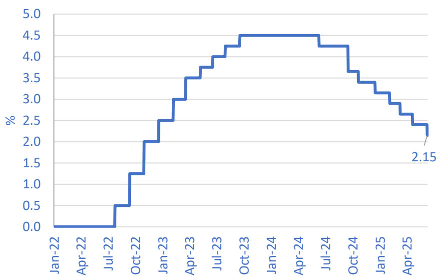
Date	Company name	No. of customers (#)	Price
Jan-22	Katae Energía	100%	0.2
Jan-22	Serna Energía	100%	n.d.
Jan-22	GHC Instalaciones	100%	0.1

Chart 10. Average final MWh price



Source: Red eléctrica España (REE)

Chart 11. Official ECB interest rate (MRO)



Source: Banco de España

the wholesale market. Also during the period, HLZ also involved in several M&A deals (Table 2).

Meanwhile, revenue jumped from EUR 0.1 Mn in 2011 to EUR 571.7 Mn in 2021, propelled by rapid customer acquisition in Supply and growth in Representation.

…a second period (2022-2024) shaped by market volatility, falling prices and cost restructuring. The outbreak of war in Ukraine (February 2022) caused energy market volatility to spike, pushing up end prices of electricity to an annual average of EUR 204/MWh[6] (+72% vs 2021; Chart 10). This, coupled with the low interest-rate environment, whetted the market's appetite for self-consumption solar installations in Spain. To scale up the Solar team, HLZ acquired three installation companies in 2022 (Table 2), raising capacity by 25% and increasing headcount by 752 employees (+112% vs 354 in 2022). That year was a record for solar panel installations for self-consumption in Spain (240k; +262% vs 2021)[7]. HLZ carried out 3,412 installations and was managing 11,384 solar contracts by year-end (+77% vs 2021). Meanwhile, high volatility in the gas market prompted HLZ to discontinue its gas supply business in October 2022, transferring more than 70k customers to the LRT. Some of its customers had both gas and electricity contracts, so this affected both businesses. HLZ saw a decline in electricity MPANs in 2022 to 283k (i.e., -13k vs 2021).

Against this backdrop, HLZ reported revenue of EUR 923.3 Mn in 2022 (+61% vs 2021), driven by high electricity prices and growth in the solar PV panel installation market.

In 2023, average electricity end prices fell by EUR 99.4/MWh (-51% vs 2022; Chart 10). This, coupled with high inflation and hikes in interest rates, curbed appetite for self-consumption solar panel installations. Previously, in anticipation of a jump in demand—which ultimately did not materialise—HLZ expanded the Solar team (402 employees in 2022 vs 58 in 2021). This hurt the P&L in 2023, with HLZ sustaining a net loss of EUR 27.7 Mn. Faced with this new reality, HLZ embarked on an operational restructuring, paring down the workforce by more than 200 people, mostly in installations, sales and support roles in the Solar business.

The downward trend in prices in 2023 had an impact on the Energy Management business through the Supply business' indexed tariffs (24% of 2023 revenue, 35% of energy supplied and 5% on the customer base). Also affecting this business was the drop in demand caused by the loss of MPANs in 2023 (total MPANs: 201k in 2023 vs 283k in 2022). Faced with this situation, in 2023 HLZ decided to migrate the bulk of its domestic customers (>95% of the total) to the Fair Rate, migrating up to 70% of its portfolio. This enabled it to minimise seasonality of revenue, limiting the impact on the company strictly to indexed products in terms of both price and consumption.

The Representation business was also affected by the low price, causing its revenue to decline to EUR 331.5 Mn (-41% vs 2022), but raising its weight in the mix (to 54% of revenue vs 46% in 2022). However, despite lower sales, represented energy increased to 5,400 GWh in the year (+50% vs 2022).

For the Solar business, 2023 was extremely challenging for the residential installation market in Spain, with a contraction of 50% vs 2022[8]. HLZ carried out 2,793 installations (-18% vs 2022) and obtained revenue for EUR 24.9 Mn (-19% vs 2022). Total revenue in 2023 fell to EUR 617.1 Mn (-33% vs 2022).

The electricity market environment was again adverse in 2024. The average daily price in the spot market in 1H24 was EUR 39/MWh (Chart 13), undermining both Energy Management (Supply and Representation) and Solar revenue.

Supply revenue in 2024 fell to EUR 169.6 Mn (-34% vs 2023) on the back of lower spot market prices. Nevertheless, the scale of this decline was lower than the fall in the spot price thanks to migration to the Fair Rate in 2023, which to some extent cushioned the impact of price

[6] Includes the (i) day-ahead market, (ii) the intraday market (MIBEL and continuous auctions), (iii) adjustment services, (iv) capacity payments and (v) adjustment mechanism under RD-L 10/2022.
[7] Source: UNEF and APPA.
[8] Source: UNEF and APPA.

Chart 12. Number of HLZ employees

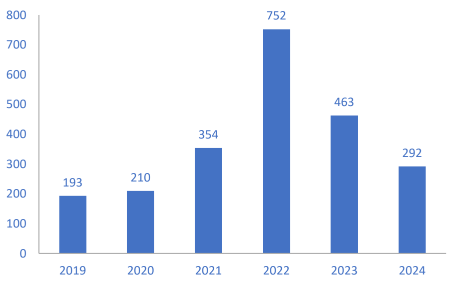
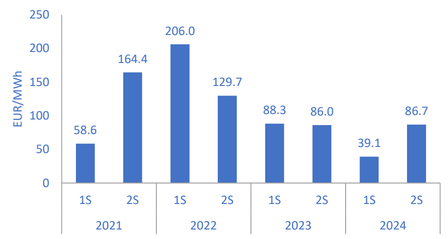


Chart 13. Average price MWh spot market



Source: Red eléctrica España (REE)

Chart 14. HLZ Gross Margin

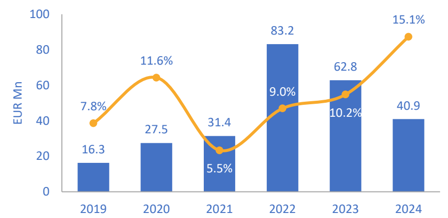


Chart 15. Breakdown of HLZ Gross Margin

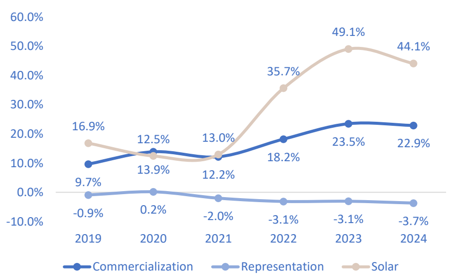
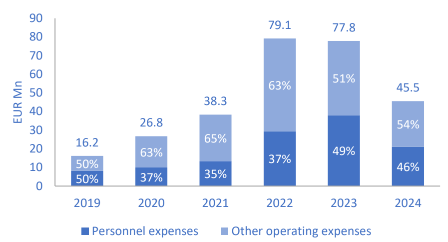


Chart 16. Operating cost evolution



fluctuations. Revenue from the Representation activity fell to EUR 89.3 Mn (-56% vs 2023), in line with the market downturn.

Solar revenue slumped to EUR 12.2 Mn in 2024 (-51% vs 2023), hurt by (i) high interest rates, which affected borrowings, (ii) lower electricity prices and (iii) the end of Next Generation EU (NGEU) grants. In spite of this, HLZ expanded the average size per installation, raised battery penetration (>45%) and achieved an increase average price per installation of 15% to c. EUR 10.2k.

HLZ covers 100% of customers' gross margin

Cost of sales comprises essentially purchases of electricity (in the Energy Management business) and materials[9] for the installation of panels (in the Solar business).

In the Supply business, HLZ hedges 100% of customers' gross margin for the next 12 months. HLZ enters into financial futures on national (OMIP and MEFF) and international (EEX) energy markets, physical bilateral trades (OTC) and PPAs (physical and financial) to hedge the cost of energy purchased for customers by eliminating the risk of price fluctuations and the impact on supply margins in the Energy Management business.

Gross profit for HLZ rose by EUR 16.3 Mn in 2019 (gross margin: 7.8%) to EUR 42.5 Mn in 2024 (15.6%). By activity, gross profit from the Supply business increased from EUR 16.4 Mn in 2019 (gross margin: 9.7%) to EUR 39.4 Mn in 2024 (23%). Gross margin expansion was driven by the migration to the Fair Rate and efficiency gains. For Representation, whose main purpose is to fund working capital, gross operating loss went from EUR 0.3 Mn in 2019 (gross margin: -0.9%) to EUR 3.3 Mn in 2024 (-3.7).

Gross profit for the Solar business soared from EUR 0.2 Mn in 2019 (gross margin: 16.9%) to EUR 5.4 Mn in 2024 (44.1%). Margin expansion was driven primarily by the sale of large-scale facilities, the incorporation of flexible assets and streamlining of both supply chain and equipment installation costs.

Oversized staff and costs have hurt the P&L

Operating costs are made up of personnel expenses and other operating expenses. Other operating expenses include independent professional services, advertising costs and other services.

HZC's bloated workforce caused personnel expenses to rise considerably in 2023 (+33% vs 2022). The drop in revenue prompted HLZ to streamline its cost structure in 2023. In the Supply business, migration to the Fair Rate led to reductions in external call centre costs (-58% YoY in 4Q23, as customers pay fixed monthly rates, so they make fewer enquiries) and back office personnel expenses (-20% YoY in 4Q23). Another impact was the decrease in impairment allowances (-70% in 2024 vs 2023). In the Solar business, HLZ has diversified lead generation channels by centralising the sales and installation structure and reorganising warehouses and supply chain, lowering the level of achieve EBITDA breakeven to 250 installations/month (vs. 600/month in 2023). It also achieved savings in technology and marketing costs and minimised advertising spend.

By streamlining costs, operating costs fell by 40% in 2024 (Chart 16). This featured:

- A 37% reduction in headcount (to 292 employees vs 463 in 2023), especially in Solar. Consolidation of the Fair Rate subscription model, enabling HLZ to automate administrative processes and optimise back office functions.
- Sharp fall in other operating expenses through automation of the Fair Rate model (external call centres), rationalisation of supply campaigns and containment of default.
- Comprehensive reorganisation of the Solar business: centralisation of sales and installation operations, optimisation of logistics and diversification of lead generation channels, slashing unit acquisition costs by 37%.

[9] Includes sub-contracted work.

Chart 17. Rec. EBITDA and rec. EBITDA margin

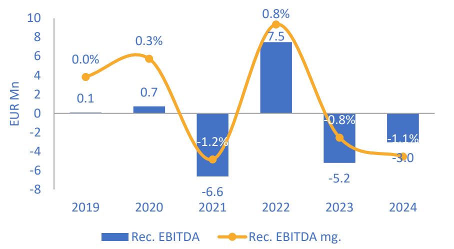


Chart 18. Capitalizations, amortization and EBIT

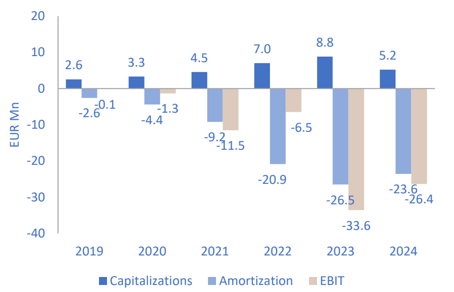


Chart 19. CAPEX of HLZ

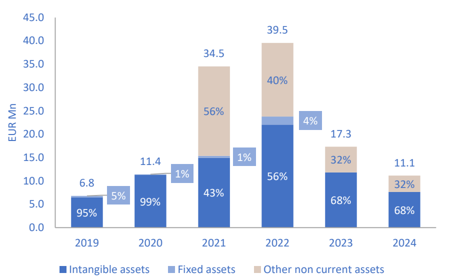
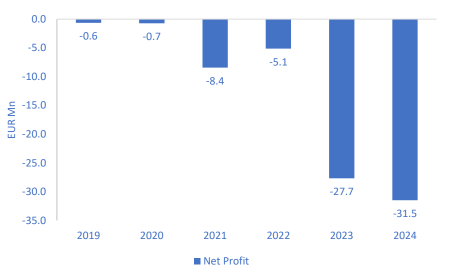


Chart 20. HLZ net income



HLZ's recurring EBITDA went from a negative EUR 6.6 Mn in 2021 (recurring EBITDA margin of -1.2%) to a negative EUR 3.0 Mn in 2024 (-1.1%). Recurring EBITDA in 2023 was considerably lower than EBITDA in 2022 because of excess staff in Solar in 2022, which in the face of the drop of revenue hardly showed a flexible cost structure. In 2024, recurring EBITDA improved on the back of operating cost savings.

CAPEX is concentrated in developing the technology platform and customer acquisition.

HLZ's fixed assets are primarily intangible assets (>95% of the total), mainly developments for the technology platform (e.g., demand forecast models and subsequent energy purchases, vertical process integration, VPP, chargers, batteries, processes related to the Fair Tariff). Here, HLZ's CAPEX comprises mostly self-constructed assets (c.25% of personnel expenses in 2024) and external IT consultancy services.

Annual CAPEX was EUR 7.6 Mn in 2024 (2.8% of revenue), EUR 11.8 Mn in 2023 (1.9%) and EUR 22.0 Mn in 2022 (2.6%), with the bulk earmarked for development of the technology platform (shoring up existing projects and launching new initiatives). To maintain its unique positioning relative to traditional utilities, HLZ needs to invest in developing and upgrading its technology platform.

Moreover, HLZ customer acquisition costs as CAPEX, which it then records in accruals and takes to profit or loss over the contract terms (3.4 years in 2024)[10]. CAPEX for other assets (which includes customer acquisition) totalled EUR 3.5 Mn in 2024 (2.1% of Supply revenue), EUR 5.5 Mn in 2023 (2.1%) and EUR 15.8 Mn in 2022 (3.4%). Investing in customer acquisition is crucial in a sector (utilities) with short retention clauses and high churn (21.2% in 2023)[11].

Investments to develop the technological platform are illustrated by the high D&A charge (useful life of 5 years). This, coupled with the allocation of customer acquisition costs to the P&L over their useful life, left a D&A charge in 2024 of EUR 23.6 Mn. This helps explain why EBIT has consistently been negative.

High leverage has hurt HLZ in a scenario of interest-rate hikes and undermined short-term visibility

The lower part of the P&L was affected by the external financing required to address the company's rapid growth and the trend in interest rates. On top of negative EBIT was a net finance cost, which increased from EUR 0.8 Mn in 2021 to EUR 5.1 Mn in 2024 (affected by a one-off loss of EUR 1.4 Mn on the sale of a loan portfolio). Finance costs dragged on the bottom line for the year even more, resulting in a net loss of EUR 31.5 Mn in 2024.

HLZ funded its entire growth process with equity (total capital raised of EUR c. 69 Mn; Table 1) and debt since it was neither profit-making nor generating positive cash flow. HLZ amassed losses of EUR 79.7 Mn by the end of 2024, leaving consolidated equity negative to the tune of EUR 12.8 Mn. Consolidated equity was also negative at year-end 2024, due to the losses by subsidiary Clidom Solar, S.L., although the parent had positive equity of EUR 38.8 Mn. The subsidiary addresses its equity shortfall through shareholder loans to avoid being a circumstance requiring dissolution. This does not compromise its ability to continue as a going concern, but it did reflect financial pressure that could require rebalancing measures to preserve medium-term sustainability.

Debt at year-end 2024 stood at EUR 43.3 Mn (a substantial portion of which is ICO-backed). Over EUR 30 Mn were bank loans, while EUR 7 Mn related to a commercial paper programme. Falling revenues, the delay in reaching breakeven and short-term debt maturities all put liquidity stress on HLZ.

In this situation, HLZ signed a debt restructuring agreement on 10 March 2025—including loans, working capital lines, MARF-listed commercial paper and surety lines—under a Restructuring Plan approved by the majority of the creditor banks (79% of the financial

[10] Until the year ended 31 December 2020, HLZ recognised all costs incurred in obtaining a new contract with a customer under intangible assets in the statement of financial position and amortisation changes in the statement of profit or loss. As of 2021, based on a ruling by Spain's Institute of Accounting and Auditing of Accounts (ICAC), HLZ has accounted for increment costs of obtaining a contract under accruals and recognised the expenditure under other operating expenses. For this report and project preparation, especially the calculation of recurring EBITDA, accruals are allocated to the P&L through amortisation, in line with criteria before the ICAC's 2021 ruling.
[11] Source: CNMC.

Chart 21. Net Debt of HLZ

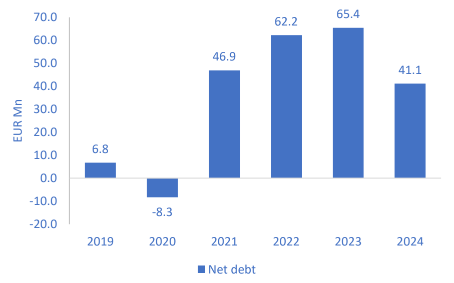


Chart 22. Consolidated Equity of HLZ

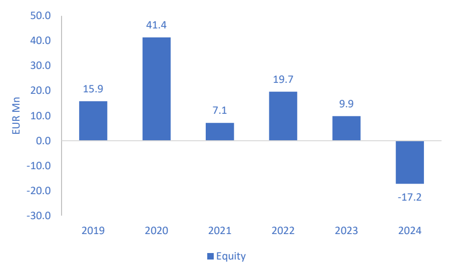
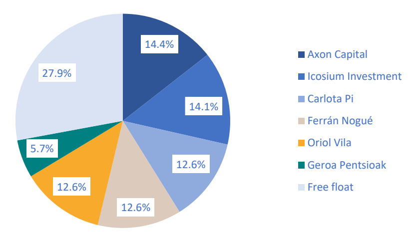


Chart 23. Shareholder structure 2024



liabilities). To become fully effective, this Plan required court approval and full payment of the investment committed by Icosium Investment, S.L. (Icosium) of EUR 22.0 Mn announced in November 2024 (see).

On 2 June 2025, the company's Plan received judicial approval, marking achievement of the first of the two key milestones for ensuring its ability to continue as a going concern. At the time of writing, the second was still pending. This milestone entails full payment of Icosium's EUR 22 Mn committed investment, with EUR 6.5 Mn having been subscribed and completed leaving an outstanding amount of EUR 15.5 Mn. Both the restructuring plan and the convertible loan with Icosium contain mutual conditions precedent in relation to this payment.

EUR 22 Mn capital increase to shore up equity which was undermined by cumulative losses

The company executed a series of capital increases, bringing in new shareholders and resulting in dilution for existing shareholders, including the founders (Table 6). Moreover, there were disputes among the main shareholders, affecting the Board of Directors and share price performance. Trading in HLZ shares was suspended in March 2024 to the delay in the presentation of its 2023 financial statements because of the two proprietary directors representing Axon Capital and Geroa did not sign the accounts. The share price plummeted by c.50% after the suspension was lifted. At the AGM (June 2024) those two directors were removed, after which the Board of Directors was made up of the three founding shareholders (two executive directors and one proprietary director), two independent directors and two vacancies. At the date of this report, the founding partners, with 37.8% of share capital (12.6% each), remained fully engaged in the management of the company, aligning their interests with that of non-controlling shareholders.

In November 2024, HLZ found some respite through a EUR 22.0 Mn capital increase, giving Icosium a 33.43% shareholding (average price of EUR 2/share, see).

Conclusion what is HLZ, where is it and where is it going?

HLZ is a small-cap non-conventional utility (greentech) that combines technology, renewable energy and digitalisation to seize on the opportunities afforded by the energy transition. Its business is articulated around three main lines: (i) supply of 100%-renewable electricity, (ii) representation of renewable producers in the electricity market and (iii) installation and management of solar systems. Since it was founded in 2010, it showed sustained growth up to 2022 in supply points, energy represented and solar installations under management.

However, the last two years have been marked by a series of events (e.g., energy market volatility, interest rates, sudden stop in solar system installations) which, coupled with high debt levels, brought growth to a halt and caused concerns regarding viability.

The capital increase announced in November 2024 (EUR 22.0 Mn, of which EUR 6.5 Mn has already been subscribed and paid), along with progress on the Restructuring Plan (which has already received judicial approval), have brought forward the turning point in this negative trend. HLZ's boasts a series of strengths that position it well for the future as a small-scale non-conventional utility with (in theory) high growth potential:

- Its current number of MPANs (>160k in 2024; c. 0.5% of total MPANs in Spain) makes it a benchmark independent supplier and provides the company with a recurring revenue base of c. EUR 15 Mn.

- Leveraging technology, it has been able to launch unique products. Thanks to the Fair Rate (c.70% domestic customers), HLZ has achieved (i) gross margin expansion, (ii) operating cost savings bill automation and fewer external call centre services, and (iii) a reduction in impairment allowance.

- The company is firmly committed to distributed generation, which is key for the energy transition (accelerating trend over the medium and long term) and a competitive cost structure (breakeven in Solar <250 installations/month). Economies of scale are an opportunity.

- Partnering with a new industrial partner (Icosium) opens up new opportunities for investments in technology, customer acquisition and gas.

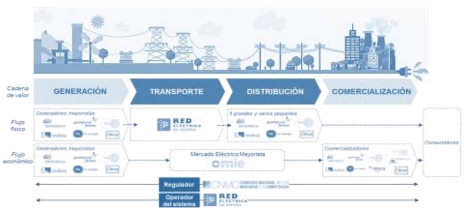
There is significant room to increase revenue and margins, implying an opportunity for value creation in the medium and long term. On top of the cost restructuring (2023-2024) carried out, extracting the full effects of the Restructuring Plan—subject to the full payment of the second phase of the capital increase with Icosium—will be the key to the company's viability in the short term. Stopping customer churn and increasing solar system installations can provide a catalyst for a business that continues to show strengths. It can seize on basic elements, like its positioning in a segment of the utility sector, and the commitment to distributed generation, with theoretically good prospects.

All that said, the entire theoretical potential described depends nearly exclusively on HLZ overcoming an objectively/evidently critical situation: i) negative equity, ii) no chance to generate positive FCF until (at least) 2028, iii) high debt (>EUR 40Mn) and iv) huge dependence on materialisation of the second tranche of the capital increase payable by Icosium (still pending, but expected to come on 30 April 2025).

Put another way, more than the opportunities afforded by its business model, everything at HLZ today boils down to the need to remedy its debt problems, achieve break-even in the Solar business and reach higher levels of profitability in Energy Management. This would allow for positive net profit and, ultimately, FCF generation.

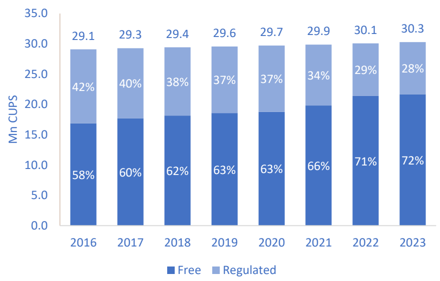
Supply: stiff competition, but plenty of options for growth

Chart 24. Electrical system diagram



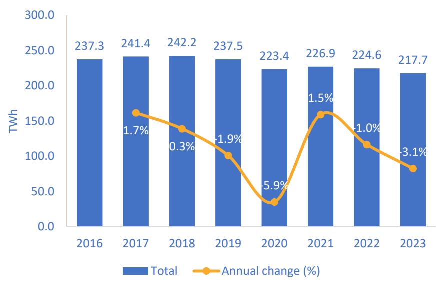
Source: Energía y Sociedad

Chart 25. Electricity supply points in Spain



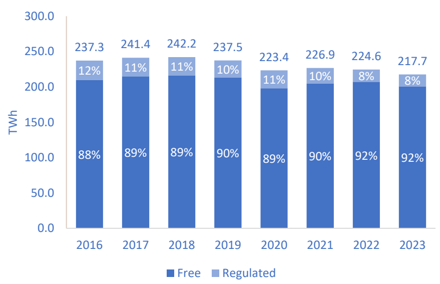
Source: Comisión Nacional de los Mercados y la Competencia (CNMC)

Chart 26. Electricity marketed in Spain



Source: CNMC

Chart 27. Electricity marketed in Spain by segment



Source: CNMC

In modern economies, the electricity sector is a key driver of economic growth, increased competitiveness, and development. Activities related to electricity supply include primarily (i) generation, (ii) transmission, (iii) distribution, and (iv) supply. There are also other activities, such as intra-EU and international trading, and electricity finance and system management. In Spain, since the industry's liberalisation in 1988, the law distinguishes between regulated activities (i.e., transmission and distribution) and those operating under competition (i.e., generation and supply).

The sector is in the midst of a major transformation, driven by the energy transition. This has played, and will continue to play, a key role in European government policies. Spain's Integrated National Energy and Climate Plan 2023-2030 (NECP) focuses on advancing renewable energy, distributed generation, energy efficiency, and security of security, among other aspects.

HLZ is positioned in the last stage of the value chain, supplying 100% renewable energy. However, its business model strays from the traditional utility framework. The company has devised a technological platform for decentralised energy management, which integrates distributed generation, storage and consumption. Its firm commitment to self-consumption, distributed generation and digitalisation makes it a unique player in the energy transition.

Supply: ongoing shift towards the free market, but stagnant demand for energy.

There are two types of agents in the retail supply of electricity: (i) reference retailers (COR)[12], designated by the Spanish Government, which can offer the regulated 'voluntary price for small consumers' (PVPC in Spanish) tariff; and (ii) free market suppliers, which freely set their prices and tariffs based on market conditions.

There are three components to the final price for consumers: (i) access tariffs and charges set by the Government to cover system costs; (ii) taxes; and (iii) a free-market component, which can be a fixed rate per-kWh (in the free market) or a variable price that fluctuates daily and hourly in accordance with wholesale market supply and demand (indexed tariffs or the PVPC).

There were 30.3 million supply points in Spain at year-end 2023, 8.6 million (28.4%) in the regulated market and 21.8 million (71.6%) in the free market (Chart 25), with c.500 retailers registered with Spain's market watchdog, the CNMC. Electricity consumption totalled 217.7 [13] thousand GWh, of which 200.8 thousand GWh in the free market and 16.9 thousand GWh in the regulated market (Chart 27).

The market is organised into three segments: domestic-retail, SMEs, and industrial[14]. The domestic-retail segment features the greatest number of supply points (>95%), while the industrial segment accounts for largest electricity demand (Table 3). Meanwhile, the majority of customers in the regulated market are the domestic segment, with only a token presence by the SME and industrial segments (Chart 28).

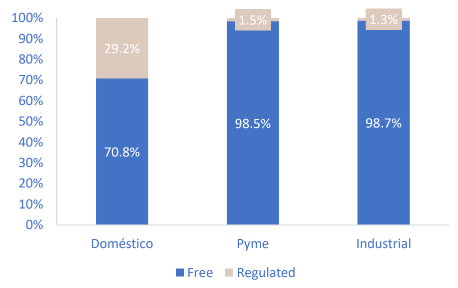
Table 3. Electricity supplied in Spain (2023) and number of supply points by segment (2023)

	Consumption (thousands GWh)	% Consumption	Nº supplies (Mn)	% Nº supplies (Mn)
Doméstico	71.0	32.6%	29.4	96.9%
Pyme	33.8	15.5%	0.8	2.7%
Industrial	113.0	51.9%	0.1	0.4%
Total	**217.7**	**100%**	**30.3**	**100%**

Source: CNMC

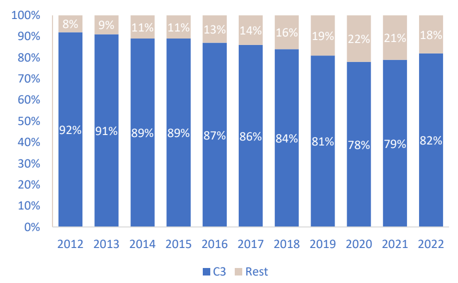
[12] There are eight CORs belonging to six corporate groups: Iberdrola, Endesa, Naturgy, Repsol, TotalEnergies, CHC Energía and Gaselec.
[13] Annual energy for the previous rolling year to the end of 3Q23.
[14] Grouping by access tariff: (i) Domestic-retail = 2.0A, 2.0DHA, 2.0DHS, 2.1A, 2.1DHA, 2.1DHS y 2.0TD; (ii) PYME = 3.0A, 3.0TD y 3.0TDVE; (iii) Industrial = 3.1A, 6.1A, 6.1B, 6.2, 6.3, 6.4, 6.1TD, 6.1TDVE, 6.2TD, 6.3TD y 6.4TD.

Chart 28. Distribution of supply points by segment in 2023



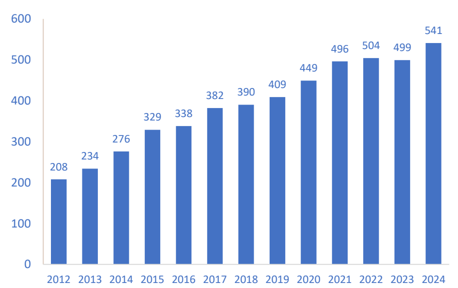
Source: CNMC

Chart 29. Energy supplied to the domestic segment



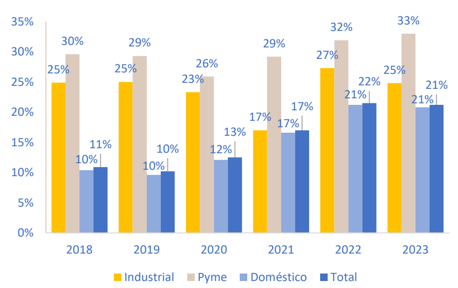
Source: CNMC

Chart 30. Number of trading companies on the CNMV list



Source: CNMC

Chart 32. Market switching rate 2014-2023



Source: CNMC

Electricity supply has always been dominated by vertically integrated utilities. Although overall concentration has decreased in recent years with liberalisation (COR + free market), the top four groups (Iberdrola, Endesa, Naturgy, and EDP) still account for a large share of supplied energy (75% in 2017 vs 66% in 2023). This concentration is notably high in the domestic segment, with a 3C ratio (Iberdrola, Endesa and Naturgy) of 82% in 2022.

Despite high market concentration, competition remains fierce.

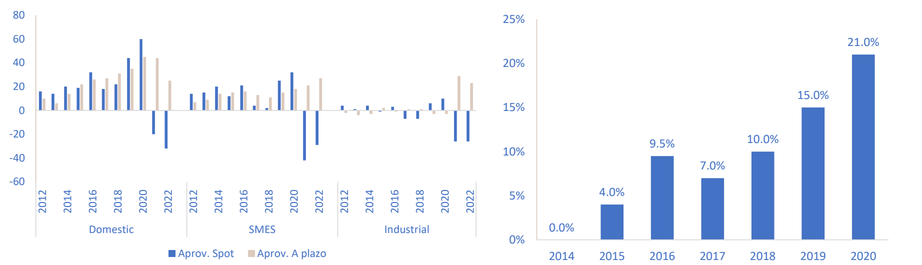
Thanks to liberalisation and low entry barriers, the number of suppliers has grown significantly over the past few years (Chart 30). Spain has the highest number of active nationwide suppliers of any country in Europe[15]. Moreover, the country features active consumer participation, illustrated by a rising switching rate, to 21.2% in 2023, above the rates in Italy, France and Germany (Chart 32). Switching rates are higher in the SME and industrial segments.

Margins have expanded since 2012, but at different paces by segment.

In terms of profitability, CNMC reports show that suppliers' gross margins [16] have historically varied by segment and procurement method (spot vs forward). The CNMC's estimates show gross retail margin expansion until 2020, with the highest in the segment of domestic or household consumers, followed by SMEs and the industrial segment. However, trends in wholesale prices in 2021 and 2022 hurt suppliers that relied on spot procurement and fixed-rate tariffs. Notably, unlike fully independent suppliers, vertically integrated groups enjoy natural hedges, which is important at times of rising volatility in the wholesale electricity market. Indeed, 113 suppliers have ceased operations over the past five years.

According to CNMC estimates, the domestic net margin[17] grew from negligible/negative levels (2011–2014) to 18–24% in 2020, in line with trend of gross margin.

Chart 31. Gross margin by 2012-2022 (LHS) and net margin for domestic segment (RHS)



Source: CNMC

Not a level playing field, but there are opportunities for growth.

In summary, despite liberalisation, the electricity supply market is still heavily concentrated (C3 ratio > 62% in 2023). Nevertheless, competitions has increased because of the emergence of a greater number of independent suppliers, low entry barriers, product commoditization and suppliers' scant bargaining power. Coupled with active consumer participation, this has led to high and rising switching rates in Spain (above the rest of the EU).

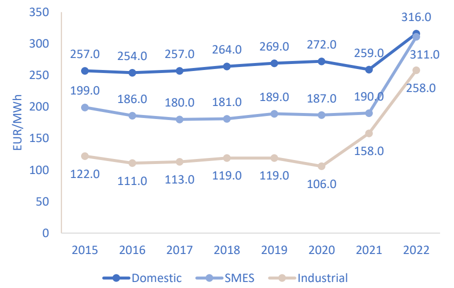
In terms of profitability, margins have gradually widened since 2012 across all segments (domestic, SME and industrial). The domestic segment shows the highest gross margins, thanks among other things to higher free-market volumes and more stable selling prices (Chart 33).

The main risk is gross margin volatility caused by fluctuations in wholesale prices, as evidenced in the 2020-2023 period. Traditional vertically integrated utilities enjoy natural protection against this volatility compared to independent suppliers, which seek protection by entering into derivatives and PPAs.

Against this backdrop, independent suppliers have opportunities for growth, by: (i) continuing to eke out market share from traditional players as customers shift from CORs to the free market; (ii) launching competitive offers by leveraging their greater flexibility and innovation;

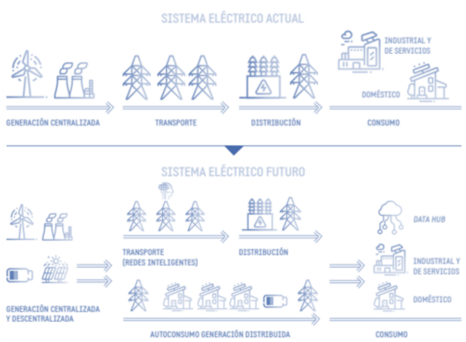
[15] ACER Monitoring Reports. Energy retail – Active consumer participation is key to driving the energy transition: how can it happen?
[16] Gross supplier margin is calculated as average revenue per energy component minus estimated costs incurred by retailers.
[17] net margin calculated as gross margin less operating costs (especially contracting, invoicing and collection, customer service, finance costs and overhead) and customer acquisition costs.

Chart 33. Average final price of electricity by segment



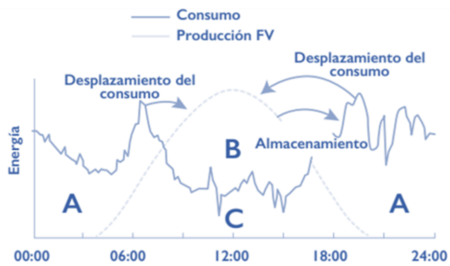
Source: CNMC

Chart 34. Electrical system diagram



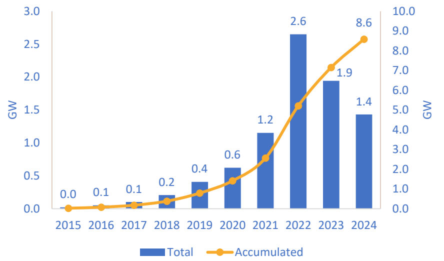
Source: REE

Chart 35. Supply and demand profile



Source: Interreg Europe

Chart 36. Annual installed capacity of photovoltaic self-consumption in Spain



Source: APPA

(iii) seizing M&A opportunities that may arise during bouts of wholesale market volatility; and (iv) acquiring smaller independent suppliers that have yet to reach critical mass in their customer bases—at year-end 2022, there were 325 domestic retailers with fewer than 15 thousand household customers).

Self-consumption and distributed generation: regulation becoming favourable.

Self-consumption refers to consumption by one or more consumers of electricity generated from nearby, associated facilities. Regulations recognise two self-consumption models according to number of consumers: individual and collective. Royal Decree-Law 15/2018 and Royal Decree 244/2019 provide for the possibility of grid-connected distributed generation. They also establish a considerable reduction in access tariffs for energy transported within 2 km from source.

Regulations also allow (i) immediate consumption of all output from generation facilities or (ii) transfer to the power grid of energy not consumed at that time (excess). Excess energy may be (a) sold to the grid at market prices, (b) offset against electricity bills, or (c) stored for later use if the facility is equipped with storage systems.

Self-consumption facilities may entail solar photovoltaic (PV) panels or other renewable generation systems. Solar PV technology is the most developed, with an estimated lifetime for PV modules of 30 years, low maintenance and no waste.

The concept of self-consumption relates to distributed generation (i.e., generation of electricity by several small generation sources installed close to the end consumer) to the extent self-consumption facilities can share the excess energy generated.

Distributed generation could reshape the electricity system.

Self-consumption and distributed generation are transforming the current electricity system model, driving a shift from centralised production at large generation facilities to small-scale distributed generation using renewable sources. This is resulting in lower energy losses and introducing greater modularity to the system. With self-consumption and new shared models, electricity trading is transitioning from centralised, unidirectional and bilateral to decentralised, renewable, bidirectional and multilateral.

In addition, energy storage (e.g., batteries) provides a complement, maximising generation system performance and contributing to flexibility. These allows for deferral of self-consumption by storing excess energy for use during periods when there is no solar output. This means the production curve is converging with the demand curve (Chart 35). At the same, consumption during peak-rate hours (afternoon and evening) decreases by using energy stored during the day.

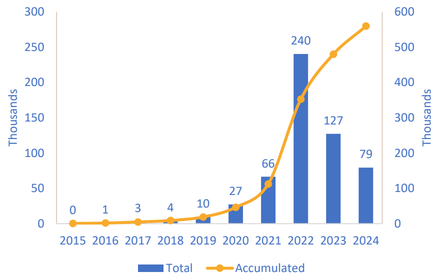
HLZ's model is structured around leveraging distributed generation.

Prosumer facilities are designed to generate excesses over customer consumption, which can then be shared with other HLZ users within a 2 km radius. This reduces grid access charges and network losses, brings down energy procurement costs for customers without panels, and boosts financial returns for users with solar installations and storage.

The company is also integrating other technologies into its energy platform, including: (i) grid-connected home batteries; (ii) future applications of V2X (Vehicle-to-Everything) schemes for bidirectional electric vehicle (EV) use; and (iii) smart management of home appliances, like heat pumps. These technologies offer potential to participate in future flexibility markets, as well as to enhance system efficiency and deliver savings to end-customers.

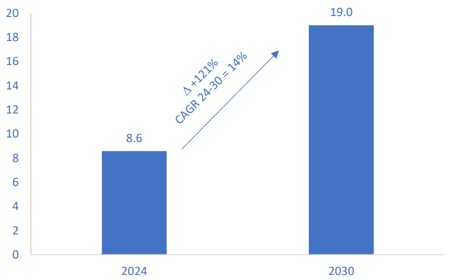
Digitalisation and advances in the Internet of Things (IoT) are also driving the development of more decentralised energy management models. In this context, virtual power plants (VPPs) are taking on a more prominent role in the energy transition by coordinating and operating distributed energy sources (DERs), such as solar panels, batteries and charging stations through digital platforms. HLZ's technological platform and digital approach leaves the company poised to capitalise on these dynamics, distancing itself from traditional utility models. This positioning could enable HLZ to capture potential value in future capacity and flexibility markets—where

Chart 37. Number of photovoltaic self-consumption contracts in Spain per year



Source: APPA

Chart 38. Comparative roadmap for photovoltaic self-consumption in Spain



Source: APPA y PNIEC 2023-2030

regulation is advancing in Europe—as a key tool for ensuring system stability amid the growing penetration of intermittent renewable sources.

This model is set to become even more important given the increasing penetration of intermittent renewables and the need to enhance the electricity system's resilience against extreme events.

Despite the slowdown in 2022, in theory demand is growing, further driven by public policies.

The exponential growth of self-consumption facilities witnessed in 2022 was not only spurred by the development of PV technology, but also by a backdrop of burgeoning wholesale electricity prices, the arrival of NextGen EU funds and low interest rates. Annual installed PV self-consumption capacity decreased in 2024 vs 2023 (-26%), but was still above 2021 levels, with total installed capacity of 8.6 GW.

The trend in the volume of annual installations was similar, with a 37% reduction in 2024 to 79 thousand from 127 thousand in 2023. Data provided by APPA indicate that electricity generated through self-consumption accounted for 3.7% of total demand.

Regarding potential for self-consumption/distributed generation in Spain, the original NECP 2020-2030 set a target for total installed capacity by 2030 of 9 GW. However, this figure was raised to 19 GW in the NECP 2023-2030 (+171% versus the actual 7 GW in 2023).

Put another way, all signs point to high long-term growth rates for this segment of the electricity sector. However, today, it is facing uncertainty regarding the pace of execution and how self-consumption will fit into the electricity system.

The big challenge is sustaining the recovery with a model that has yet to become self-financing and without capital

Figure 39. Evolution of HLZ revenues

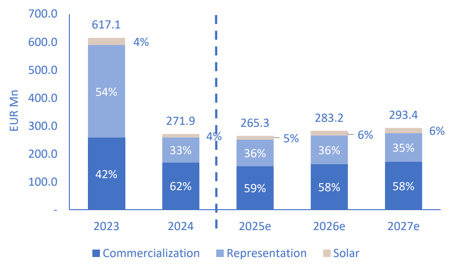


Figure 40. CUPS HLZ evolution

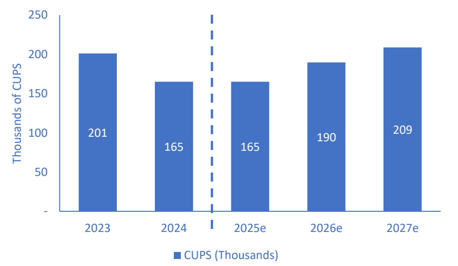


Figure 41. Evolution of energy represented HLZ

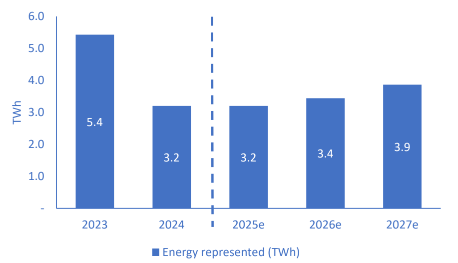
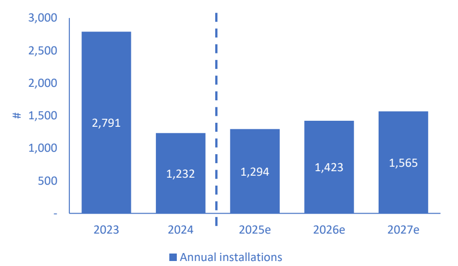


Figure 42. Evolution of HLZ solar installations



In March 2025, HLZ successfully completed the first phase of its debt restructuring process, which encompasses its bank loans, working capital lines, MARF-listed commercial paper and surety lines, approving a Restructuring Plan to that end. PwC advised the company on its restructuring. On 2 June 2025, the company's Plan received judicial approval, marking achievement of the first of the two key milestones for ensuring its ability to continue as a going concern. Full effectiveness of the Restructuring Plan is subject to delivery of the second milestone: full payment of the EUR 22 Mn committed to by Icosium, of which only EUR 6.5 Mn has been paid in (the deadline was 30 April 2025).

The Plan implies a strategic milestone for reinforcing the company's capital structure and laying the groundwork for more robust earnings momentum in 2025e–2027e.

2024 earnings: revenue contraction and effective cost containment

2024 was marked adverse macroeconomic and sector environments, exerting pressure on both of HLZ's divisions: Energy Management and Solar. Revenue contracted by 56% to EUR 271.9 Mn, although the company managed to defend its margins thanks to the business restructuring efforts.

In terms of recurring EBITDA, HLZ reported a loss of EUR 3.0 Mn (vs EUR 5.2 Mn in 2023), thanks mainly to cost-cutting and redesigned operations, laying the foundations for a more agile, scalable and profitability-oriented business model.

2025e–2027e: recovery in margins and structural challenges. Sustained growth still requires external borrowings

After two years marked by operating and financial tensions, HLZ is better prepared for 2025e–2027e, thanks to its Restructuring Plan and a strategy based on efficiency, financial discipline and business stabilisation. Our estimates point to a gradual recovery in profitability, marked by positive recurring EBITDA already in 2025e. However, the bottom line is expected to remain in the red in 2025e-2026e, with FCF likewise negative, due to working capital normalisation and the need to reinvest in technology and customer acquisition. The challenge: sustaining the model without clear access to traditional financing and an increasingly onerous debt repayment schedule.

Revenue: stabilisation in 2025e and moderate recovery from 2026e

After years of contraction due to energy price volatility and the loss of supply points (meter point administration numbers, or MPANs), we are forecasting revenue stability in 2025e, followed by renewed growth in 2026e and 2027e. CAGR 2025e-2027e of 5%:

- **Supply:** we are estimating stability in MPANs at 165k in 2025e, followed by growth of 10%-15% per annum in 2026e and 2027e, to c.210k (c.400k contracts). The Fair Rate subscription model is expected to remain the pillar of the value proposition, facilitating earnings visibility. The portfolio will continue to be dominated by domestic customers, with average monthly invoices of EUR 80-100.

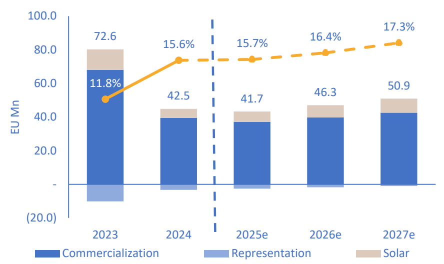
- **Representation:** we are forecasting growth in line with the Supply business, helping to reduce working capital and the guarantees posted before OMIE. Another key driver will be the execution of PPAs (facilitating access to better procurement terms in the long term) and the ability to guarantee 100%-renewable supply (securing guarantees of origin). The new control centre should improve the integration of renewable energy and deviation management, all with the aim of reverting the historically negative gross margin.

- **Solar:** following stabilisation in 2025e (c.1,300 installations), we are forecasting a rebound in 2026e–2027e underpinned by: (i) the new Green ICO lines (EUR 22 Bn); (ii) lower solar parts and storage costs; and (iii) a regulatory push for collective self-consumption (Royal Decree 2019/244). Increased positioning in more value-adding installation and higher penetration in battery storage (50% in 2024 vs 15% in 2023) should shore up unit margins.

Table 4. Breakdown of revenue by division and main financial indicators

EUR Mn	2023	2024	2025e	2026e	2027e	TACC 24-27e
Commercialization	258.2	169.6	155.5	163.9	171.6	0.4%
Representation	331.5	89.3	94.7	102.0	102.0	4.5%
Solar	24.9	12.2	14.1	16.3	18.8	15.5%
Other revenue	2.5	0.9	0.9	1.0	1.0	2.6%
Total Revenues	**617.1**	**271.9**	**265.3**	**283.2**	**293.4**	**2.6%**
Variation						
Commercialization	-44.9%	-34.3%	-8.3%	5.4%	4.7%	
Representation	-21.2%	-73.1%	6.1%	7.7%	-0.1%	
Solar	-19.0%	-51.0%	15.5%	15.5%	15.5%	
Other revenue	-27.6%	-62.4%	-2.5%	6.8%	3.6%	
Total Revenues	-33.2%	-55.9%	-2.5%	6.8%	3.6%	
KPIs						
CUPS (Thousands)	201	165	165	190	209	8.2%
Energy represented (TWh)	5.4	3.2	3.2	3.4	3.9	6.5%
Annual installations	2,791	1,232	1,294	1,423	1,565	8.3%

Figure 43. HLZ gross margin evolution



Margins: sustained improvement thanks to business mix and rationalisation

We are forecasting a gradual improvement from 15.7% in 2025e to 17.3% in 2027e, fuelled mainly by the following levers:

- Scope for margin expansion in Supply thanks to the Fair Rate subscription model and increasing weight of Solar surpluses in energy supplied, translating into lower procurement costs and transmission and distribution savings.

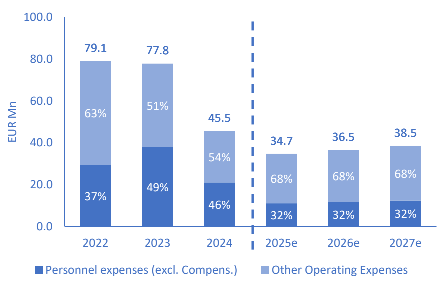
- Better margins in Representation via control over deviations and the negotiation of better terms and conditions with producers.

- The repositioning of the Solar business to focus on more value-adding installations and higher battery penetration.

Table 5. Breakdown of gross margin by division

EUR Mn	2023	2024	2025e	2026e	2027e	TACC 24-27e
Commercialization	68.0	39.4	37.0	39.9	42.6	2.6%
Representation	(10.1)	(3.3)	(2.5)	(1.7)	(1.0)	-32.2%
Solar	12.2	5.4	6.2	7.2	8.3	15.5%
Other revenues	2.5	0.9	0.9	1.0	1.0	2.6%
Consolidated margin	**72.6**	**42.5**	**41.7**	**46.3**	**50.9**	**6.2%**
Gross margin						
Commercialization	26.3%	23.2%	23.8%	24.3%	24.8%	
Representation	-3.1%	-3.7%	-2.7%	-1.7%	-1.0%	
Solar	49.1%	44.1%	44.1%	44.1%	44.1%	
Consolidated margin	11.8%	15.6%	15.7%	16.4%	17.3%	

Figure 44. Evolution of HLZ's operating expenses



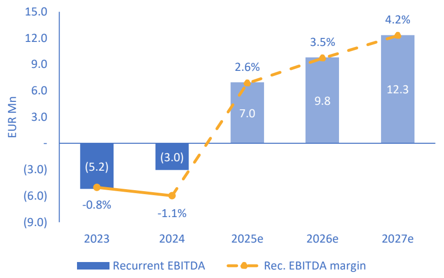
Recurring EBITDA: back to black in 2025e

Our estimates point to continuation of the cost control exercised by HLZ in 2023-2024. We are forecasting positive recurring EBITDA already in 2025e, underpinned by three key levers.

- Structural workforce downsizing: HLZ has already rationalised its workforce, from 752 employees in 2022 to c.200 in 2025e. This move has had a direct impact on containment of fixed staff costs, which have historically accounted for a significant share of total operating expenses.

- Sustained downtrend in other operating expenses: since 2022, HLZ has eked out a 50%+ reduction in other operating expense items such as external services, IT, logistics and facility management, thanks largely to active renegotiation of terms and

Figure 45. HLZ rec. EBITDA performance



conditions with core suppliers, the elimination of redundant structures and operational concentration on critical areas.

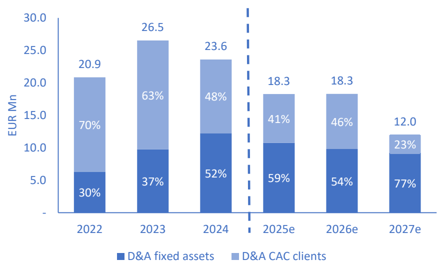
- Digitalisation and operational gearing: HLZ has invested consistently in development of the proprietary technology platform that supports both its Supply (Fair Rate) and Solar businesses. This digital infrastructure has allowed it to automate processes related with customer relations, consumption monitoring, solar installation integration and energy management. The addition of solutions such as Control Centre, Virtual Power Plants (VPPs) and mobile apps for domestic energy management should allow HLZ to scale up its operations without proportionate growth in its cost base. This operational gearing is one of the main drivers of the expansion projected in EBITDA margins in the coming years.

Thanks to these levers, we are forecasting growth in recurring EBITDA from EUR 7 Mn in 2025e (2.6% of revenue) to EUR 12.3 Mn in 2027e (4.2%).

EBIT: under continued pressure from D&A

Despite the recovery in recurring EBITDA to above breakeven, the trend in EBIT will continue to be shaped by the weight of the amortisation charges associated with the investments made in technology and customer acquisition. HLZ capitalises the costs associated with development of its technology platform (projects like Fair Rate, App Solar, VPP, Control Centre), which it amortises over an average useful life of five years, while it amortises its customer acquisition costs over an average period of 3.5 years.

Figure 46. Breakdown of HLZ D&A

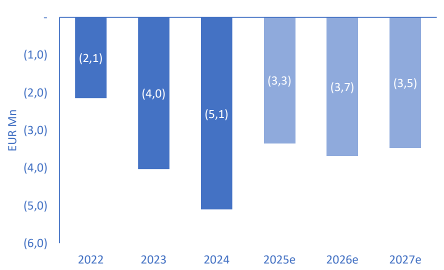


Overall, we think D&A charges will continue to weigh on earnings in the coming years, keeping EBIT at low levels or even in negative terrain in 2025e-2026e. However, we are forecasting a gradual improvement from 2027e, thanks to stabilisation in CAPEX and natural depletion of the assets previously capitalised.

Borrowings and capital increase: situation at the time of writing

At the time of writing, HLZ had achieved a key milestone in its financial restructuring process, having obtained court approval (from Barcelona Commercial Court No. 5) for its Restructuring Plan on 2 June 2025. The Plan, which encompasses the company's bank loans, working capital lines, MARF-listed commercial paper and surety lines, is essential to restoring operational viability in the short term.

Figure 47. Breakdown of HLZ finance profit

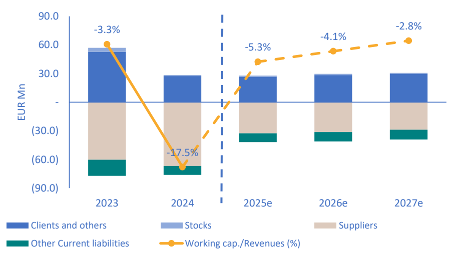


The Plan is contingent on two milestones: the first, already met, was court approval for the agreement; the second, pending at the time of writing, is the full payment of the EUR 22 Mn committed to by Icosium, of which EUR 6.48 Mn was paid in in March 2025. Delivery of the second milestone (payment of a further EUR 15.52 Mn) is critical as it conditions full effectiveness of the Restructuring Plan and, by extension, the company's ability to continue as a going concern. Our baseline projections assume the second milestone will be met. However, we explicitly flag the risk of its non-materialisation, which would render our estimates void.

Despite deleveraging in 2024 (-37% vs 2023), the debt service burden will continue to weigh heavily on the P&L. The fact that the company is not expected to generate positive FCF (our baseline scenario) until beyond 2027 impedes further deleveraging using internally generated funds. As a result, the company will continue to need additional financing in the form of hybrid instruments or equity issues, with the attendant dilution risk for existing shareholders.

Normalisation in working capital (implying a significant cash outflow) and rationalisation of CAPEX (which was not paused)

Figure 48. HLZ's working capital evolution



The ratio of working capital to revenue hit a low in 2024 (-17%) thanks to growth in accounts payable.

However, we think working capital will gradually return to normal in 2025e, when we are forecasting a cash outflow of c.EUR 34 Mn, eroding recurring FCF. This adjustment presents a considerable challenge in terms of liquidity management and the company's ability to raise external financing.

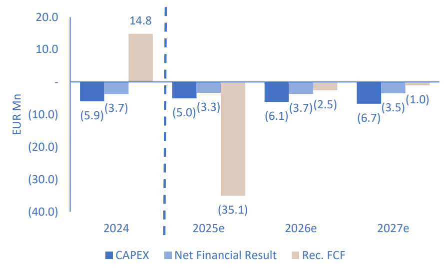
As for CAPEX, HLZ has taken a more disciplined approach, prioritising projects that can deliver a return in the short term. We are forecasting annual CAPEX (excluding internally generated assets) of EUR 2.6-3 Mn, with a focus on key technological developments (VPP, App Solar, Control Centre). Layering in our forecasts for capitalised costs of c. EUR 5 Mn puts investment in intangible assets in the order of EUR 7.5-8 Mn in 2025e-2027e.

We are also forecasting rationalisation of customer acquisition costs in 2025e, falling to EUR 2.5 Mn, as a consequence of the rollout of the Restructuring Plan. However, we are expecting customer acquisition costs to increase once again in 2026e and 2027e (to 2% of revenue from Supply and Solar) with the aim of increasing the number of supply points and the installation of solar energy systems, which are the cornerstones of HLZ's recovery plan.

FCF expected to remain negative despite earnings recovery

Even though HLZ managed to report positive FCF in 2024, due to a historically high accounts payable balance, we think the company will have negative FCF for the next three years.

Figure 49. HLZ FCF evolution



In 2025e, we are forecasting negative funds from operations as a direct result of the normalisation of working capital. In 2026e and 2027e, we are forecasting a significant improvement in funds from operations, thanks to growth in recurring EBITDA on the back of higher revenue and operating efficiency, to c.EUR 9 Mn in 2027e.

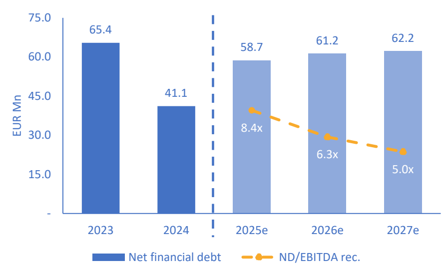
However, that positive FFO will not be sufficient to absorb all of the investments planned (CAPEX) or the weight of the debt service burden. We think recurring FCF will remain negative throughout 2025e–2027e, building up a cumulative deficit of c.EUR 40 Mn, indicating the need for additional funding.

Conclusion: possible earning momentum, albeit limited by very high leverage and financial restrictions. It all comes down to the company's ability to raise capital.

In 2024, HLZ achieved a tangible improvement in earnings thanks to cost discipline, a redesigned organisational structure and a strategic commitment to a digital, scalable and profitability-oriented business model. The transition from a heavy and inflexible structure to a more nimble organisation has begun to trickle through to the P&L, with recurring EBITDA expected to return to positive territory in 2025e, followed by a gradual improvement in margins.

However, this improvement comes in the context of high leverage, an inability to generate positive cash flow and a still-restrictive environment in terms of access to bank loans or the debt markets. Full effectiveness of the Restructuring Plan (including the addition of a new strategic partner, Icosium) is essential to cementing the incipient earnings recovery and locking in financial viability in the short and medium term.

Figure 50. Evolution of HLZ's net debt



The main challenge lies with achieving sustainable deleveraging without having to resort constantly to external financing. If that isn't enough, the company faces a concentrated debt maturity schedule (77% in 2028), requiring active management of the debt profile and rigorous liquidity management planning.

Against this backdrop, the sustainability of HLZ hinges upon four critical factors: (i) effective follow-through on the capital commitments made by Icosium; (ii) the ability to keep its margins positive and extend recent cost discipline; (iii) the ability to secure additional sources of financing, whether via equity raises, hybrid instruments or bilateral agreements, to cover the mounting FCF deficit and debt repayments, concentrated in 2028; and (iv) a sustained recovery in business momentum, borne out by growth in new solar system installations and a gradual recovery in supply points, which are key to cementing and advancing the business model. Importantly, the first point (full execution of the capital contribution by Icosium) is binary: the business plan and the viability of our financial projections depend on it. In other words, capital-raising remains the major restriction (still unresolved) hanging over the business model.

Valuation inputs

Inputs for the DCF Valuation Approach

	2025e	2026e	2027e	Terminal Value [1]
Free Cash Flow "To the Firm"	**(31.7)**	**1.1**	**2.5**	**n.a.**

			Best Case	Worst Case
Market Cap	**28.0**	At the date of this report		
Net financial debt	**41.1**	Debt net of Cash (12m Results 2024)		
Cost of Debt	6.4%	Net debt cost	6.2%	6.7%
Tax rate (T)	20.0%	T (Normalised tax rate)	=	=
Net debt cost	**5.1%**	**Kd = Cost of Net Debt * (1-T)**	**4.9%**	**5.3%**
Risk free rate (rf)	3.1%	Rf (10y Spanish bond yield)	=	=
Equity risk premium	6.0%	R (own estimate)	5.5%	6.5%
Beta (B)	1.5	B (own estimate)	1.4	1.6
Cost of Equity	**12.1%**	**Ke = Rf + (R * B)**	**10.8%**	**13.5%**
Equity / (Equity + Net Debt)	40.5%	E (Market Cap as equity value)	=	=
Net Debt / (Equity + Net Debt)	59.5%	D	=	=
WACC	**8.0%**	**WACC = Kd * D + Ke * E**	**7.3%**	**8.6%**
G "Fair"	**2.0%**		**2.5%**	**1.5%**

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

Inputs for the Multiples Valuation Approach

Company	Ticker Factset	Mkt. Cap	P/E 25e	EPS 25e-27e	EV/EBITDA 25e	EBITDA 25e-27e	EV/Sales 25e	Revenues 25e-27e	EBITDA/Sales 25e	FCF Yield 25e	FCF 25e-27e
Iberdrola	IBE-ES	104,015.1	17.2	4.9%	10.4	5.2%	3.6	2.6%	34.5%	0.3%	78.1%
Endesa	ELE-ES	28,406.3	13.9	1.8%	7.2	1.4%	1.7	-0.5%	23.6%	1.5%	77.3%
Naturgy	NTGY-ES	25,442.7	13.9	-1.7%	7.6	0.6%	2.0	-1.5%	26.9%	5.7%	4.4%
EDP	EDP-PT	15,045.7	12.5	-0.1%	8.1	1.0%	2.4	1.7%	29.3%	n.a.	n.a.
Integrated Utilities			**14.4**	**1.2%**	**8.3**	**2.0%**	**2.4**	**0.6%**	**28.6%**	**2.5%**	**53.3%**
Audax Ren.	ADX-ES	725.5	13.9	10.5%	8.8	8.5%	0.5	0.7%	5.3%	n.a.	n.a.
Elmera	ELMRA-NO	350.3	13.5	16.3%	6.3	5.8%	2.8	3.6%	44.1%	n.a.	85.3%
Independent energy supplier			**13.7**	**13.4%**	**7.6**	**7.1%**	**1.6**	**2.1%**	**24.7%**	**n.a.**	**85.3%**
Sunrun, Inc.	RUN-US	1,731.2	n.a.	-97.7%	n.a.	53.6%	7.2	13.7%	9.9%	n.a.	-4.9%
Sunnova Energy Int.	NOVA-US	0.4	n.a.	72.3%	12.2	24.3%	9.1	19.3%	74.8%	n.a.	n.a.
Distributed generation			**n.a.**	**-12.7%**	**12.2**	**39.0%**	**8.2**	**16.5%**	**42.3%**	**n.a.**	**-4.9%**
HLZ	**HLZ-ES**	**28.0**	**n.a.**	**48.2%**	**9.3**	**33.2%**	**0.2**	**5.2%**	**2.6%**	**n.a.**	**83.0%**

Free Cash Flow sensitivity analysis (2026e)

A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 26e	EBITDA 26e	EV/EBITDA 26e
Max	3.8%	10.6	6.1x
Central	3.5%	9.8	6.6x
Min	3.2%	8.9	7.2x

B) Rec. FCF sensitivity to changes in EBITDA and CAPEX/sales

Rec. FCF EUR Mn	CAPEX/Sales 26e		
EBITDA 26e	2.0%	2.2%	2.4%
10.6	(1.1)	(1.7)	(2.3)
9.8	(2.0)	(2.5)	(3.1)
8.9	(2.8)	(3.4)	(4.0)

What could go wrong?

We consider risks to be those that could have a significant negative impact on our projections, mainly those for operating profit and free cash flow:

1. **Structural competition in the supply business.** The retail electricity supply business in Spain has low entry barriers and traditionally thin margins. Although HLZ follows a unique approach—100% renewable energy, a digital proposition and a subscription model—the competitive environment could squeeze the company's gross margins further. A 100bp contraction in forecast gross margin would trigger a material reduction in 2025e consolidated EBITDA of -35%.

2. **Sensitivity to pool price volatility and basis risk**. HLZ enters into hedges (futures, forwards, bilateral contracts and PPAs) to stabilise the cost of the power supplied to customers and protect its marketing margin. However, these hedges are arranged based on consumption and price estimates. In scenarios of high volatility, a significant deviation between actual consumption and the forecasts used to structure the hedges—especially in fixed price products such as the Fair Rate—could give rise to a mismatch, negatively affecting operating margins.

3. **Reliance on growth of the solar business**. HLZ's growth is increasingly driven by the self-consumption and distributed generation business, which combines engineering, installation, finance and retail supply. While the company no longer finances facilities directly, its performance is contingent on residential demand, operating efficiency and the regulatory environment. A slowdown in customer acquisition or execution, logistics disruptions or unfavourable regulatory developments could compromise the growth levels forecast in our baseline scenario.

4. **Execution risk and operational scalability.** HLZ's growth strategy is heavily predicated on effective operational scalability (automation, process digitalisation and proprietary technology platform). Any constraints on technology deployment, customer acquisition or retention, or integration of operations could compromise the company's growth and operational efficiency targets.

5. **Regulatory framework and exposure exclusively to the Spanish market.** HLZ's supply and solar businesses are concentrated entirely in Spain. This makes it particularly sensitive to adverse regulatory developments. For instance, changes in incentives for self-consumption, rates or taxes could impact the sustainability of the company's current business model.

6. **Operational risks related to the solar value chain.** Solar panel installation depends on the operational capacity of a network of installers and suppliers. Incidents affecting costs, availability, delivery times or quality of execution could erode margins and hurt brand perception, all the more so in a segment where customer recommendations and experience play a crucial role in customer acquisition.

7. **Reputational risk tied to the value proposition (flat rate).** The flat rate model offers customers simplicity and predictability. Loss of confidence in the product could drive up customer churn, hindering the capacity for organic growth.

8. **Execution risk of the financial restructuring plan.** In March 2025, HLZ completed the first stage of its financial debt restructuring plan, with approval by the majority of its financial creditors and Icosium's commitment as a strategic partner. On 2 June 2025, Barcelona Commercial Court No. 5 notified the company that this plan had received judicial approval, marking achievement of the first of the two key milestones for ensuring its ability to continue as a going concern.

   At the time of writing, the second was still pending. This milestone entails full payment of Icosium's EUR 22 Mn committed investment, with EUR 6.5 Mn having been completed. Both the restructuring plan and the convertible loan with Icosium contain mutual conditions precedent. A delay or failure to execute the capital increase could limit the HLZ's ability to refinance a key maturities and jeopardise its financial viability.

9. **A model without self-financing in the short term and dependant on the performance of the solar business.** HLZ's operating model has required borrowing to sustain the company's growth, as well

as investments in technology, customer acquisition and development of the solar business. Recurring EBITDA has become positive again in 2025e. Even so, HLZ will continue to generate negative FCF until 2027e because of minimal maintenance CAPEX and normalisation of working capital.

We estimate a cumulative shortfall of EUR -40 Mn over the 2025e-2027e period, which will require rights issues or issuances of hybrid instruments for coverage. Reliance on external finance introduces risk of dilution for shareholders.

Failure for new funding sources to materialise or refinancing of existing debt could cause a liquidity stress, compromising the group's operating capacity and hindering execution of the strategic plan.

Nevertheless, if our projections are on target and the solar business reaches operating break-even, the model could gradually transition towards one of self-financing as of 2027e.

Changes in Board composition and capital increase. The founders are still at the helm.

At the time of writing, HLZ's board was made up of seven members, of which 3 are the founding shareholders (43% of board seats), 2 are independent directors (29%) and 2 are proprietary (29%). Key features of corporate governance at HLZ include:

1. **Board of Directors shaped by changes in June 2024.** After two proprietary directors representing Axon Capital and Geroa Pentsioak refused to sign the 2023 financial statements, they were removed in March 2024 per a resolution by shareholders at the Annual General Meeting. The 2023 financial statements were signed for five of the seven directors and approved at the Annual General Meeting. The reasons provided for their decision were: (i) the lack of sufficient information to issue a full opinion on the financial statements, and (ii) disagreement on the reasonableness of the policy for capitalising costs of new projects.

   Following their removal, the Board of Directors was then made up of the three founding shareholders (two executive directors and one proprietary director) and two independent directors. Axon Capital and Geroa Pentsioak, which had Board representation since 2019, were removed despite holding 16.8% and 6.7%, respectively, of share capital as at 30 May 2024. Axon Capital was—and still is—HLZ's main shareholder.

   Meanwhile, in November 2024, HLZ announced a EUR 22.0 Mn capital increase to bring Icosium Investment S.L. (Icosium) into the shareholder structure,[18] issuing shares at an average price of EUR 2/share. The capital increase was structured in two phases:

   i. EUR 6.48 Mn contribution in March 2025, with issuance of new ordinary shares at EUR 1.80/share (66% premium vs the price at 8 November 2024, valuing 100% of HLZ at over EUR 45 Mn). Icosium acquired shares representing 14.12% of share capital and appointed two directors. As we go to print, this phase had been completed.

   ii. Contribution of EUR 15.52 Mn loan over the coming months convertible into shares at a price of 2.10/share (with a deadline for execution of 30 April 2025). Post-conversion, Icosium would hold 33.43% of share capital and be eligible to appoint a third member. At that time, the founding shareholders would see their aggregate interest diluted from 37.8% to 29.3%, with free float standing at 21.7% (vs 27.9% at the date of this report). At the time of writing, the company had yet to disclose to the market the actual disbursement of the committed investment under the second phase of the capital increase. This financial instrument was designed to strengthen liquidity and meet obligations with suppliers, among other things. Therefore, we cannot conclude that HLZ has fully addressed its cash shortage or restored its financial and operating balance just yet.

2. **The founding shareholders are fully engaged in management.** The company's founders (Carlota Pi, Oriol Vila and Ferran Nogué) current hold 37.8% of capital (estimated 29.3% once the second phase of the capital increase is completed). Carlota Pi (Chairman and CEO) and Ferran Nogué (Chief Energy Management Officer) are fully engaged in the company's management (Table 7), aligning the Board of Directors and management report with non-controlling shareholders.

Table 6. Shareholding structure at the date of this report (prior to the 2nd phase of Icosium's capital increase)

Name	Total	Entry date
Fondo Axon ICT III, F.C.R.	14.4%	2015
Icosium Investment, S.L.	14.1%	2025
Carlota Pi	12.6%	2010
Ferran Nogué	12.6%	2010
Oriol Vila	12.6%	2010
Geroa Pentsioak	5.7%	2019
Free float	27.9%	
Total	**100.0%**	

Table 7. Board of Directors

Name	Category	Job position	Date	% Equity
Carlota Pi	Proprietary	President/CEO	2019	12.6%
Ferran Nogué	Proprietary	CEMO	2019	12.6%
Oriol Vila	Proprietary	Board member	2019	12.6%
Elena Gómez del Pozuelo	Independent	Board member	2023	n.a.
Eduardo Soler	Independent	Board member	2024	n.a.
Lotfi Bellahcene	Proprietary	Board member	2025	14.1%
Enrique Palau Llopis	Proprietary	Board member	2025	
Total			**Total**	**51.9%**

Table 8. Potential shareholding structure (post 2nd phase of capital increase)

Name	Total	Entry date
Icosium Investment	33.4%	2025
Fondo Axon ICT III, F.C.R.	11.2%	2015
Carlota Pi	9.8%	2010
Ferran Nogué	9.8%	2010
Oriol Vila	9.8%	2010
Geroa Pentsioak	4.4%	2019
Free float	21.7%	
Total	**100.0%**	

[18] According to HLZ's press release, Icosium is a dynamic Spanish industrial investor committed to advancing energy transition in Africa and Europe. Beyond its renewable energy investments, Icosium is actively involved in energy production and trading between Europe and Africa, with over 15 years of experience. Lotfi Bellahcene is Icosium's founder and current CEO. The Appointments and Remuneration Committee issued a favourable report on the appointment of Lotfi Bellahcene as proprietary director of HLZ.

Table 11. Key corporate governance metrics

KPI	2021	2022	2023	2024
% of independent board members	28.6%	28.6%	28.6%	28.6%
% of proprietary board members	71.4%	71.4%	71.4%	71.4%
% of executive board members	0.0%	0.0%	0.0%	0.0%
% of women on the board of directors	42.9%	42.9%	42.9%	28.6%
% of women out of total workforce	45.2%	39.6%	41.3%	40.4%
% Remuneration of the Board and Senior Management/Staff costs (%)	4.7%	3.1%	2.5%	3.6%
Number of confirmed corruption cases	0	0	0	0

Note: In addition to serving as proprietary directors, Carlota Pi and Ferran Nogué carry out executive duties, in their capacity as Chairman & CEO and Chief Energy Management Officer (CEMO), respectively. If both were counted as executive directors, the percentage of executives on the Board would be 28.6%.

Table 9. Audit Committee

Member of the Committee	Category	Position
Eduardo Soler	Independent	Chairman
Elena Gómez del Pozuelo	Independent	Member
Oriol Vila	Proprietary	Member

Table 10. Appointments and Remuneration Committee

Member of the Committee	Category	Position
Elena Gómez del Pozuelo	Independent	Chairman
Eduardo Soler	Independent	Member
Oriol Vila	Proprietary	Member

3. **Risk of reduction in the weight of independent directors.** The hypothetical Board distribution post-second phase of the capital increase to bring in Icosium would show 25% independents. This percentage is below the recommendations of the CNMV's Good Governance Code of Listed Companies (33.3% of the total) that do not have a large capitalisation.

   HLZ has an Audit Committee and an Appointments and Remuneration Committee. Both have a majority of independent directors, with two-thirds (Tables 9 and 10).

4. **Director and management team remuneration.** Remuneration accrued by members of HLZ's Board of Directors in 2024, for both their directorships and employment, amounted to EUR 749.0 k (EUR 2023: EUR 954.3 k and 2022: EUR 902.8 k). Director remuneration accounted for 3.6% of total personnel expenses in 2024 (2023: 2.5%, 2022: 3.1% and 2021: 4.7%). If the same amount is accrued this year, it would represent c.7% of 2025e personnel expenses.

   There are no pensions or life insurance commitments, nor have any loans been granted to senior management (three people: Carlota Pi, Oriol Vila and Ferran Nogué) or Board members.

5. **Contracts and clauses applicable to the founders.** HLZ does not have any specific senior management contracts, but does have service agreements with several key personnel. Contracts signed in 2019 for discharging executive duties included giving entitlement, in certain causes of termination, to: (i) severance equal to 33 days of salary per year worked (capped at an amount equal to 24 months' of salary), and (ii) an additional amount equal to one year of total remuneration.

   The contracts also include exclusivity and non-compete clauses, but no golden parachute clauses or specific guarantees for members of the Board in the event of a change of control of the company.

6. **Labour dispute.** At year-end 2023, HLZ carried out a collective redundancy affecting 169 employees (22% of the workforce in 2022), for a cost of EUR 1.5 Mn in 2023 and EUR 0.5 million in 1H24 (year-end headcount of 292 employees in 2024 vs 752 in 2022). The restructuring primarily affected staff in the Solar business (installers) caused by stagnant demand, and in central services (back office team).

   Also, at the end of 2024, HLZ carried out a substantial modification in working conditions, effective as of January 2025. Termination benefits in 2024 totalled EUR 0.6 Mn, earmarked for staff not affected by this modification.

7. **Diversity policy.** HLZ has had a diversity policy since 2020. The split between women and men on HLZ's workforce in 2024 was 40%/60%. On the management team (12 people), it was 33%/67%.

   Meanwhile, 29% of the members of the Board of Directors are female (two out of seven). The CNMV Good Governance Code of Listed Companies recommends that female directors represent at least 40% of the total number of members.

8. **Sustainability and ESG policy.** HLZ publishes an Integrated Report, which includes its Non-financial Statement (NFS), under the IFRS framework and GRI standards.

Moreover, the company takes a proactive approach to sustainability and governance. In 2023, HLZ unveiled its 2024–2026 ESG Strategy, which outlined the commitments and targets overseen by the management team. The materiality matrix highlights energy transition as the key topic in terms of both financial materiality and impact materiality.

HLZ also has dedicated (i) sustainability, (ii) integrity and good governance, (iii) social commitment and (iv) private and information policies.

9. **Shareholder remuneration.** Short term, HLZ's efforts are geared towards strengthening the company's financial structure, which is still dependent on full execution of the restructuring plan, and raising operating efficiency. Attention will focus on driving the growth strategy and reaching at least break-even at EBITDA level. Accordingly, we expect a pay-out of 0% for the next three years.

10. **Related party balances and transactions.** HLZ carried out transactions with certain directors and shareholders in 2024 which related exclusively to remuneration as directors and employees (remuneration accrued by members of HLZ's Board of Directors in 2024 totalled EUR 749.0 k; Table 12).

11. **Approval of the consolidated financial statements without qualifications.** In the opinion of HLZ's auditor (EY), the 2022, 2023 and 2024 consolidated financial statements give a true and fair value, in all material respects, of the equity and financial position of the company at 31 December each year, and of its financial performance and cash flows for the years then ended.

Table 12. Related party transactions 2024

Related party	Type of relationship
Carlota Pi	Shareholder and Board Member
Ferran Nogué	Shareholder and Board Member
Oriol Vila	Shareholder and Board Member
Geroa Pentsionak*	Shareholder and Board Member
Fondo Axon ICT III, FCR	Shareholder
Axon Capital*	Board Member
Elena Gómez del Pozuelo	Board Member
Enrique Tellado**	Board Member
Eduardo Soler**	Board Member

(*) 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.

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2020	2021	2022	2023	2024	2025e	2026e	2027e
Intangible assets	20.8	15.5	31.7	34.7	30.5	27.3	25.2	23.9
Fixed assets	0.6	0.8	2.1	1.6	0.9	0.9	0.9	0.9
Other Non Current Assets	4.4	54.5	51.5	44.2	35.5	30.5	25.4	26.5
Financial Investments	9.2	117.3	46.2	28.0	12.7	12.7	12.7	12.7
Goodwill & Other Intangilbles	-	-	-	-	-	-	-	-
Current assets	29.2	85.4	135.7	57.0	28.5	27.8	29.6	30.7
Total assets	**64.2**	**273.6**	**267.2**	**165.6**	**108.1**	**99.1**	**93.9**	**94.7**
Equity	41.4	7.1	19.7	9.9	(17.2)	(9.4)	(16.6)	(14.6)
Minority Interests	-	-	-	-	-	-	-	-
Provisions & Other L/T Liabilities	7.3	96.4	41.3	13.2	8.0	8.0	8.0	8.0
Other Non Current Liabilities	-	-	-	-	-	-	-	-
Net financial debt	(8.3)	46.9	62.2	65.4	41.1	58.7	61.2	62.2
Current Liabilities	23.8	123.1	144.0	77.1	76.2	41.8	41.2	39.1
Equity & Total Liabilities	**64.2**	**273.6**	**267.2**	**165.6**	**108.1**	**99.1**	**93.9**	**94.7**

									CAGR	
P&L (EUR Mn)	**2020**	**2021**	**2022**	**2023**	**2024**	**2025e**	**2026e**	**2027e**	**20-24**	**24-27e**
Total Revenues	**236.0**	**571.7**	**923.3**	**617.1**	**271.9**	**265.3**	**283.2**	**293.4**	***3.6%***	***2.6%***
Total Revenues growth	*13.0%*	*142.3%*	*61.5%*	*-33.2%*	*-55.9%*	*-2.5%*	*6.8%*	*3.6%*		
COGS	(208.5)	(540.1)	(836.7)	(544.5)	(229.5)	(223.6)	(236.9)	(242.5)		
Gross Margin	**27.5**	**31.6**	**86.6**	**72.6**	**42.5**	**41.7**	**46.3**	**50.9**	***11.5%***	***6.2%***
Gross Margin/Revenues	*11.6%*	*5.5%*	*9.4%*	*11.8%*	*15.6%*	*15.7%*	*16.4%*	*17.3%*		
Personnel Expenses	(9.9)	(13.4)	(29.4)	(38.0)	(21.0)	(11.0)	(11.7)	(12.4)		
Other Operating Expenses	(16.8)	(24.9)	(49.8)	(39.8)	(24.5)	(23.7)	(24.8)	(26.2)		
Recurrent EBITDA	**0.7**	**(6.6)**	**7.5**	**(5.2)**	**(3.0)**	**7.0**	**9.8**	**12.3**	***-57.7%***	***82.3%***
Recurrent EBITDA growth	*711.1%*	*n.a.*	*212.7%*	*-169.6%*	*41.5%*	*328.7%*	*40.6%*	*26.1%*		
Rec. EBITDA/Revenues	*0.3%*	*n.a.*	*0.8%*	*n.a.*	*n.a.*	*2.6%*	*3.5%*	*4.2%*		
Restructuring Expense & Other non-rec.	(1.0)	(0.2)	(0.2)	(10.7)	(4.9)	-	-	-		
EBITDA	**(0.2)**	**(6.9)**	**7.3**	**(15.9)**	**(8.0)**	**7.0**	**9.8**	**12.3**	***n.a.***	***52.5%***
Depreciation & Provisions	(4.4)	(9.2)	(20.9)	(26.5)	(23.6)	(18.3)	(18.3)	(12.0)		
Capitalized Expense	3.3	4.5	7.0	8.8	5.2	5.0	5.0	5.0		
Rentals (IFRS 16 impact)	-	-	-	-	-	-	-	-		
EBIT	**(1.3)**	**(11.5)**	**(6.5)**	**(33.6)**	**(26.4)**	**(6.3)**	**(3.5)**	**5.4**	***n.a.***	***30.1%***
EBIT growth	*n.a.*	*-765.9%*	*43.7%*	*-416.6%*	*21.5%*	*76.1%*	*44.4%*	*252.9%*		
EBIT/Revenues	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*1.8%*		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.5)	(0.8)	(2.1)	(4.0)	(5.1)	(3.3)	(3.7)	(3.5)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	**(1.9)**	**(12.3)**	**(8.6)**	**(37.6)**	**(31.5)**	**(9.7)**	**(7.2)**	**1.9**	***n.a.***	***27.2%***
Ordinary Profit Growth	*-132.5%*	*-560.5%*	*29.7%*	*-335.0%*	*16.3%*	*69.3%*	*25.6%*	*126.5%*		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	**(1.9)**	**(12.3)**	**(8.6)**	**(37.6)**	**(31.5)**	**(9.7)**	**(7.2)**	**1.9**	***n.a.***	***27.2%***
Tax Expense	1.1	3.9	3.5	10.0	-	-	-	-		
Effective Tax Rate	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	**(0.7)**	**(8.4)**	**(5.1)**	**(27.7)**	**(31.5)**	**(9.7)**	**(7.2)**	**1.9**	***n.a.***	***27.2%***
Net Profit growth	*-12.5%*	*n.a.*	*39.1%*	*-440.1%*	*-13.8%*	*69.3%*	*25.6%*	*126.5%*		
Ordinary Net Profit	**(0.9)**	**(12.1)**	**(8.5)**	**(26.9)**	**(26.5)**	**(9.7)**	**(7.2)**	**1.9**	***n.a.***	***27.5%***
Ordinary Net Profit growth	*-36.0%*	*n.a.*	*29.6%*	*-217.3%*	*1.5%*	*63.6%*	*25.6%*	*126.5%*		

									CAGR	
Cash Flow (EUR Mn)	**2020**	**2021**	**2022**	**2023**	**2024**	**2025e**	**2026e**	**2027e**	**20-24**	**24-27e**
Recurrent EBITDA						**7.0**	**9.8**	**12.3**	***-57.7%***	***82.3%***
Rentals (IFRS 16 impact)						-	-	-		
Working Capital Increase						(33.6)	(2.5)	(3.2)		
Recurrent Operating Cash Flow						**-26.7**	**7.3**	**9.2**	***60.4%***	***-28.0%***
CAPEX						(5.0)	(6.1)	(6.7)		
Net Financial Result affecting the Cash Flow						(3.3)	(3.7)	(3.5)		
Tax Expense						-	-	-		
Recurrent Free Cash Flow						**(35.1)**	**(2.5)**	**(1.0)**	***32.3%***	***-27.4%***
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						**(35.1)**	**(2.5)**	**(1.0)**	***37.4%***	***-27.1%***
Capital Increase						17.5	-	-		
Dividends						-	-	-		
Net Debt Variation						**17.5**	**2.5**	**1.0**		

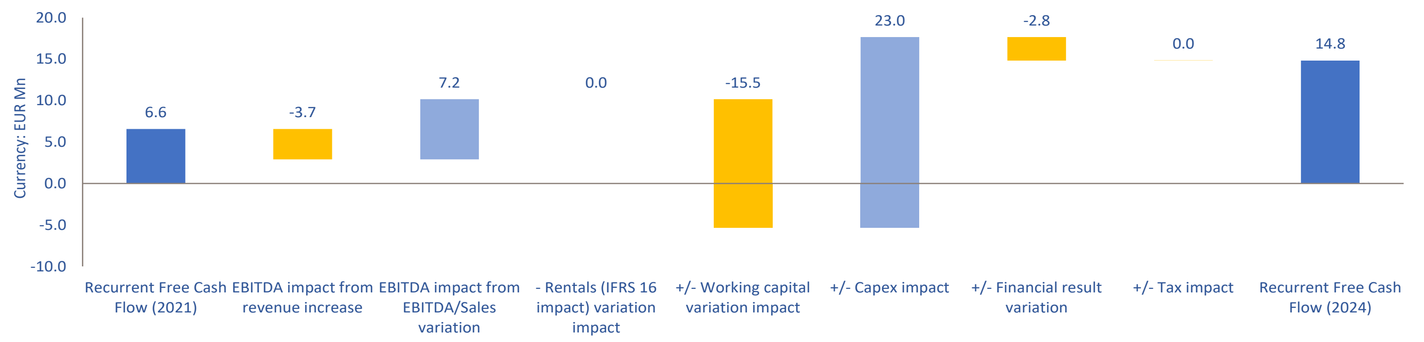
Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2021	2022	2023	2024	2025e	2026e	2027e	CAGR 21-24	CAGR 24-27e
Recurrent EBITDA	**(6.6)**	**7.5**	**(5.2)**	**(3.0)**	**7.0**	**9.8**	**12.3**	*22.9%*	*82.3%*
Recurrent EBITDA growth	*n.a.*	*212.7%*	*-169.6%*	*41.5%*	*328.7%*	*40.6%*	*26.1%*		
Rec. EBITDA/Revenues	*n.a.*	*0.8%*	*n.a.*	*n.a.*	*2.6%*	*3.5%*	*4.2%*		
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	43.1	(29.4)	11.9	27.6	(33.6)	(2.5)	(3.2)		
= Recurrent Operating Cash Flow	**36.4**	**(22.0)**	**6.7**	**24.5**	**(26.7)**	**7.3**	**9.2**	*-12.4%*	*-28.0%*
Rec. Operating Cash Flow growth	*787.7%*	*-160.3%*	*130.4%*	*266.8%*	*-208.8%*	*127.2%*	*26.1%*		
Rec. Operating Cash Flow / Sales	*6.4%*	*n.a.*	*1.1%*	*9.0%*	*n.a.*	*2.6%*	*3.1%*		
- CAPEX	(29.0)	(32.5)	(8.5)	(5.9)	(5.0)	(6.1)	(6.7)		
- Net Financial Result affecting Cash Flow	(0.9)	(2.1)	(4.0)	(3.7)	(3.3)	(3.7)	(3.5)		
- Taxes	-	(0.7)	(0.7)	(0.0)	-	-	-		
= Recurrent Free Cash Flow	**6.6**	**(57.3)**	**(6.6)**	**14.8**	**(35.1)**	**(2.5)**	**(1.0)**	*31.2%*	*-27.4%*
Rec. Free Cash Flow growth	*147.3%*	*-972.5%*	*88.5%*	*325.9%*	*-336.4%*	*92.7%*	*60.3%*		
Rec. Free Cash Flow / Revenues	*1.1%*	*n.a.*	*n.a.*	*5.5%*	*n.a.*	*n.a.*	*n.a.*		
- Restructuring expenses & others	(0.2)	(0.2)	(10.7)	(4.9)	-	-	-		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(79.6)	42.2	14.1	9.9	-	-	-		
= Free Cash Flow	**(73.3)**	**(15.3)**	**(3.2)**	**19.8**	**(35.1)**	**(2.5)**	**(1.0)**	*31.4%*	*-27.1%*
Free Cash Flow growth	*-481.0%*	*79.1%*	*79.3%*	*724.7%*	*-277.2%*	*92.7%*	*60.3%*		
Recurrent Free Cash Flow - Yield (s/Mkt Cap)	*23.5%*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		
Free Cash Flow Yield (s/Mkt Cap)	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*		

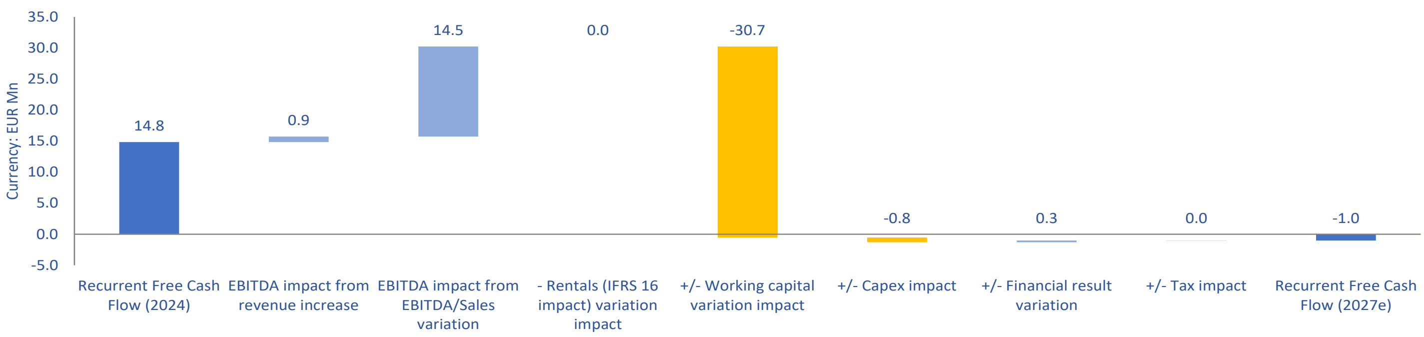
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)	2021	2022	2023	2024	2025e	2026e	2027e
Recurrent FCF(FY - 1)	**(13.9)**	**6.6**	**(57.3)**	**(6.6)**	**14.8**	**(35.1)**	**(2.5)**
EBITDA impact from revenue increase	1.0	(4.1)	(2.5)	2.9	0.1	0.5	0.4
EBITDA impact from EBITDA/Sales variation	(8.4)	18.2	(10.2)	(0.7)	9.9	2.4	2.2
= Recurrent EBITDA variation	**(7.4)**	**14.1**	**(12.7)**	**2.2**	**10.0**	**2.8**	**2.6**
- Rentals (IFRS 16 impact) variation impact	-	-	-	-	-	-	-
+/- Working capital variation impact	49.1	(72.5)	41.3	15.7	(61.2)	31.1	(0.7)
= Recurrent Operating Cash Flow variation	**41.7**	**(58.4)**	**28.7**	**17.8**	**(51.2)**	**34.0**	**1.9**
+/- CAPEX impact	(20.9)	(3.6)	24.0	2.6	0.9	(1.1)	(0.6)
+/- Financial result variation	(0.4)	(1.2)	(1.9)	0.3	0.4	(0.3)	0.2
+/- Tax impact	-	(0.7)	0.0	0.7	0.0	-	-
= Recurrent Free Cash Flow variation	**20.5**	**(63.9)**	**50.8**	**21.4**	**(49.9)**	**32.5**	**1.5**
Recurrent Free Cash Flow	**6.6**	**(57.3)**	**(6.6)**	**14.8**	**(35.1)**	**(2.5)**	**(1.0)**

C) "FCF to the Firm" (pre debt service) (EUR Mn)	2021	2022	2023	2024	2025e	2026e	2027e	CAGR 21-24	CAGR 24-27e
EBIT	**(11.5)**	**(6.5)**	**(33.6)**	**(26.4)**	**(6.3)**	**(3.5)**	**5.4**	*-31.7%*	*30.1%*
** Theoretical Tax rate*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*		
= Taxes (pre- Net Financial Result)	-	-	-	-	-	-	-		
Recurrent EBITDA	**(6.6)**	**7.5**	**(5.2)**	**(3.0)**	**7.0**	**9.8**	**12.3**	*22.9%*	*82.3%*
- Rentals (IFRS 16 impact)	-	-	-	-	-	-	-		
+/- Working Capital increase	43.1	(29.4)	11.9	27.6	(33.6)	(2.5)	(3.2)		
= Recurrent Operating Cash Flow	**36.4**	**(22.0)**	**6.7**	**24.5**	**(26.7)**	**7.3**	**9.2**	*-12.4%*	*-28.0%*
- CAPEX	(29.0)	(32.5)	(8.5)	(5.9)	(5.0)	(6.1)	(6.7)		
- Taxes (pre- Financial Result)	-	-	-	-	-	-	-		
= Recurrent Free Cash Flow (To the Firm)	**7.5**	**(54.5)**	**(1.8)**	**18.6**	**(31.7)**	**1.1**	**2.5**	*35.4%*	*-49.1%*
Rec. Free Cash Flow (To the Firm) growth	*156.0%*	*-827.8%*	*96.6%*	*n.a.*	*-270.8%*	*103.6%*	*117.2%*		
Rec. Free Cash Flow (To the Firm) / Revenues	1.3%	n.a.	n.a.	6.8%	n.a.	0.4%	0.8%		
- Acquisitions / + Divestments	-	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	(79.6)	42.2	14.1	9.9	-	-	-		
= Free Cash Flow "To the Firm"	**(72.1)**	**(12.3)**	**12.2**	**28.5**	**(31.7)**	**1.1**	**2.5**	*33.8%*	*-55.8%*
Free Cash Flow (To the Firm) growth	*-549.4%*	*82.9%*	*199.5%*	*132.6%*	*-211.5%*	*103.6%*	*117.2%*		
Rec. Free Cash Flow To the Firm Yield (o/EV)	*11.6%*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*1.7%*	*3.8%*		
Free Cash Flow "To the Firm" - Yield (o/EV)	*n.a.*	*n.a.*	*19.0%*	*n.a.*	*n.a.*	*1.7%*	*3.8%*		

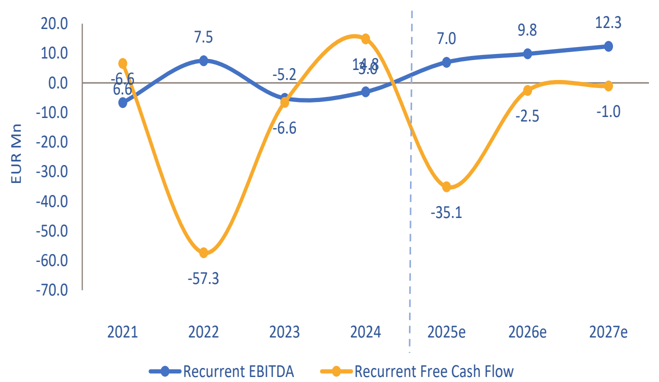
Recurrent Free Cash Flow accumulated variation analysis (2020 - 2024)



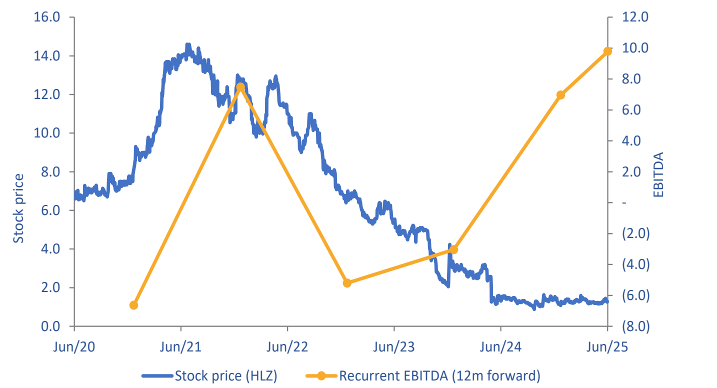
Recurrent Free Cash Flow accumulated variation analysis (2024 - 2027e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	28.0	
+ Minority Interests	-	12m Results 2024
+ Provisions & Other L/T Liabilities	8.0	12m Results 2024
+ Net financial debt	41.1	12m Results 2024
- Financial Investments	12.7	12m Results 2024
+/- Others		
Enterprise Value (EV)	**64.5**	

Appendix 4. Historical performance[1]

Historical performance (EUR Mn)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e	CAGR 14-24	CAGR 24-27e
Total Revenues						**208.8**	**236.0**	**571.7**	**923.3**	**617.1**	**271.9**	**265.3**	**283.2**	**293.4**	*n.a.*	*2.6%*
Total Revenues growth						*n.a.*	*13.0%*	*142.3%*	*61.5%*	*-33.2%*	*-55.9%*	*-2.5%*	*6.8%*	*3.6%*		
EBITDA						**(0.1)**	**(0.2)**	**(6.9)**	**7.3**	**(15.9)**	**(8.0)**	**7.0**	**9.8**	**12.3**	*n.a.*	*52.5%*
EBITDA growth						*n.a.*	*-323.2%*	*n.a.*	*206.6%*	*-316.7%*	*49.8%*	*187.3%*	*40.6%*	*26.1%*		
EBITDA/Sales						*n.a.*	*n.a.*	*n.a.*	*0.8%*	*n.a.*	*n.a.*	*2.6%*	*3.5%*	*4.2%*		
Net Profit						**(0.6)**	**(0.7)**	**(8.4)**	**(5.1)**	**(27.7)**	**(31.5)**	**(9.7)**	**(7.2)**	**1.9**	*n.a.*	*27.2%*
Net Profit growth						*n.a.*	*-12.5%*	*n.a.*	*39.1%*	*-440.1%*	*-13.8%*	*69.3%*	*25.6%*	*126.5%*		
Adjusted number shares (Mn)						0.5	-	21.9	21.9	21.8	21.8	21.9	21.9	21.9		
EPS (EUR)						-1.25	n.a.	-0.39	-0.23	-1.27	-1.44	-0.44	-0.33	0.09	n.a.	27.2%
EPS growth						*n.a.*	*n.a.*	*n.a.*	*39.1%*	*n.a.*	*-14.0%*	*69.4%*	*25.6%*	*n.a.*		
Ord. EPS (EUR)						-1.02	n.a.	-0.55	-0.39	-1.23	-1.22	-0.44	-0.33	0.09	n.a.	27.5%
Ord. EPS growth						*n.a.*	*n.a.*	*n.a.*	*29.6%*	*n.a.*	*1.4%*	*63.8%*	*25.6%*	*n.a.*		
CAPEX						(4.3)	(8.1)	(29.0)	(32.5)	(8.5)	(5.9)	(5.0)	(6.1)	(6.7)		
CAPEX/Sales %)						*2.0%*	*3.4%*	*5.1%*	*3.5%*	*1.4%*	*2.2%*	*1.9%*	*2.2%*	*2.3%*		
Free Cash Flow						**-**	**(12.6)**	**(73.3)**	**(15.3)**	**(3.2)**	**19.8**	**(35.1)**	**(2.5)**	**(1.0)**	n.a.	-27.1%
ND/EBITDA (x)[2]						*n.a.*	*n.a.*	*n.a.*	*8.5x*	*n.a.*	*n.a.*	*8.4x*	6.3x	5.0x		
P/E (x)						*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	n.a.	14.7x		
EV/Sales (x)						*0.00x*	*0.55x*	*0.50x*	*0.22x*	*0.20x*	*0.22x*	*0.24x*	0.23x	0.22x		
EV/EBITDA (x)[2]						*n.a.*	*n.a.*	*n.a.*	*27.5x*	*n.a.*	*n.a.*	*9.3x*	6.6x	5.2x		
Absolute performance						*n.a.*	*-14.0%*	*55.5%*	*-47.2%*	*-51.2%*	*-66.5%*	*18.5%*				
Relative performance vs Ibex 35						*n.a.*	*1.7%*	*44.1%*	*-44.1%*	*-60.3%*	*-70.8%*	*-2.8%*				

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices. The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Factset.
Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 5. Main peers 2025e

		Integrated Utilities					Independent energy supplier			Distributed generation			
	EUR Mn	Iberdrola	Endesa	Naturgy	EDP	Average	Audax Ren.	Elmera	Average	Sunrun, Inc.	Sunnova Energy Int.	Average	HLZ
Market data	Ticker (Factset)	IBE-ES	ELE-ES	NTGY-ES	EDP-PT		ADX-ES	ELMRA-NO		RUN-US	NOVA-US		HLZ-ES
	Country	Spain	Spain	Spain	Portugal		Spain	Norway		USA	USA		Spain
	Market cap	104,015.1	28,406.3	25,442.7	15,045.7		725.5	350.3		1,731.2	0.4		28.0
	Enterprise value (EV)	171,086.0	39,688.7	39,298.7	39,120.1		1,083.2	417.2		14,076.9	7,881.9		64.5
Basic financial information	Total Revenues	47,728.8	23,415.0	19,233.6	16,469.9		2,308.1	150.7		1,951.6	867.3		265.3
	Total Revenues growth	*7.7%*	*11.8%*	*-0.2%*	*7.9%*	*6.8%*	*16.5%*	*-85.5%*	*-34.5%*	*10.0%*	*18.6%*	*14.3%*	*-2.5%*
	2y CAGR (2025e - 2027e)	*2.6%*	*-0.5%*	*-1.5%*	*1.7%*	*0.6%*	*0.7%*	*3.6%*	*2.1%*	*13.7%*	*19.3%*	*16.5%*	*5.2%*
	EBITDA	16,442.9	5,517.9	5,169.7	4,827.1		122.7	66.4		193.4	648.5		7.0
	EBITDA growth	*2.8%*	*-6.5%*	*-0.7%*	*12.8%*	*2.1%*	*6.6%*	*-16.1%*	*-4.7%*	*59.0%*	*n.a.*	*59.0%*	*187.3%*
	2y CAGR (2025e - 2027e)	*5.2%*	*1.4%*	*0.6%*	*1.0%*	*2.0%*	*8.5%*	*5.8%*	*7.1%*	*53.6%*	*24.3%*	*39.0%*	*33.2%*
	EBITDA/Revenues	*34.5%*	*23.6%*	*26.9%*	*29.3%*	*28.6%*	*5.3%*	*44.1%*	*24.7%*	*9.9%*	*74.8%*	*42.3%*	*2.6%*
	EBIT	10,601.6	3,287.7	3,370.7	2,950.5		97.4	43.1		(415.1)	(61.5)		(6.3)
	EBIT growth	*-2.7%*	*-16.8%*	*-8.0%*	*58.8%*	*7.8%*	*4.4%*	*-7.3%*	*-1.5%*	*16.8%*	*68.2%*	*42.5%*	*76.1%*
	2y CAGR (2025e - 2027e)	*5.6%*	*0.7%*	*0.5%*	*0.4%*	*1.8%*	*8.8%*	*9.1%*	*8.9%*	*10.8%*	*53.7%*	*32.2%*	*68.8%*
	EBIT/Revenues	*22.2%*	*14.0%*	*17.5%*	*17.9%*	*17.9%*	*4.2%*	*28.6%*	*16.4%*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
	Net Profit	6,050.0	2,044.8	1,844.7	1,220.3		51.7	17.8		(63.7)	(279.8)		(9.7)
	Net Profit growth	*7.4%*	*8.3%*	*-4.1%*	*52.3%*	*16.0%*	*-14.7%*	*-41.8%*	*-28.2%*	*97.4%*	*12.7%*	*55.0%*	*69.3%*
	2y CAGR (2025e - 2027e)	*5.1%*	*1.0%*	*-2.2%*	*-0.1%*	*0.9%*	*11.1%*	*31.5%*	*21.3%*	*n.a.*	*71.3%*	*71.3%*	*48.2%*
	CAPEX/Sales %	*27.3%*	*14.4%*	*10.9%*	*20.7%*	*18.3%*	*2.8%*	*3.5%*	*3.2%*	*127.1%*	*n.a.*	*127.1%*	*1.9%*
	Free Cash Flow	357.1	431.0	1,438.3	(226.0)		n.a.	(26.7)		(2,528.2)	(1,340.8)		(35.1)
	Net financial debt	56,879.0	10,749.6	14,200.5	17,231.2		248.3	83.0		12,256.0	7,823.5		58.7
	ND/EBITDA (x)	3.5	1.9	2.7	3.6	2.9	2.0	1.3	1.6	n.a.	12.1	12.1	8.4
	Pay-out	*71.4%*	*71.0%*	*85.7%*	*68.6%*	*74.2%*	*27.7%*	*134.4%*	*81.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Multiples and Ratios	P/E (x)	17.2	13.9	13.9	12.5	14.4	13.9	13.5	13.7	n.a.	n.a.	n.a.	n.a.
	P/BV (x)	1.9	3.2	2.8	1.2	2.3	3.0	2.5	2.7	0.6	0.0	0.3	n.a.
	EV/Revenues (x)	3.6	1.7	2.0	2.4	2.4	0.5	2.8	1.6	7.2	9.1	8.2	0.2
	EV/EBITDA (x)	10.4	7.2	7.6	8.1	8.3	8.8	6.3	7.6	n.a.	12.2	12.2	9.3
	EV/EBIT (x)	16.1	12.1	11.7	13.3	13.3	11.1	9.7	10.4	n.a.	n.a.	n.a.	n.a.
	ROE	*11.3*	*23.3*	*19.8*	*9.2*	*15.9*	*21.4*	*18.3*	*19.8*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
	FCF Yield (%)	*0.3*	*1.5*	*5.7*	*n.a.*	*2.5*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
	DPS	*0.67*	*1.37*	*1.65*	*0.20*	*0.97*	*0.03*	*0.22*	*0.13*	*0.00*	*0.00*	*0.00*	*0.00*
	Dvd Yield	*4.2%*	*5.1%*	*6.3%*	*5.6%*	*5.3%*	*2.0%*	*7.2%*	*4.6%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
12-Jun-2025	n.a.	1.28	n.a.	n.a.	Initiation of Coverage	Pablo Victoria Rivera, CESGA
27-May-2025	n.a.	1.30	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui

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