TO BME GROWTH

Barcelona, 20 October 2022

In accordance with the provisions of article 17 of Regulation (EU) no. 596/2014 on market abuse and article 228 of the consolidated text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23 October, and related provisions, Holaluz-Clidom, S.A. (the "Society") hereby informs you of the following information:

OTHER RELEVANT INFORMATION

Attached to this document are:

- Audit report and individual financial statements for the six-months ended June 30, 2022.

In compliance with the provisions of BME MTF Equity Circular 3/2020, it is hereby expressly stated that the information provided has been prepared under the sole responsibility of the Company and its directors.

Philippe Protto
Chief Financial Officer
HOLALUZ-CLIDOM, S.A

Report on Limited Review

Holaluz-Clidom, S.A.

Interim financial statements
for the six-month period ended
June 30, 2022

REPORT ON LIMITED REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

Introduction

We have carried out a limited review of the accompanying interim financial statements of Holaluz-Clidom, S.A., which comprise the balance sheet at June 30, 2022, the income statement, the statement of changes in equity, the cash flow statement and the explanatory notes thereto for the six-month period then ended. The directors are responsible for the preparation of the Company's interim financial statements in accordance with the regulatory framework for financial information applicable to the entity in Spain (which is identified in note 2 to the accompanying explanatory notes), and for such internal control as they determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing audit regulations in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

As a result of our limited review, which under no circumstances should be considered an audit of financial statements, no matter came to our attention that would lead us to conclude that the accompanying interim financial statements do not express, in all material respects, a true and fair view of the financial position of Holaluz-Clidom, S.A. at June 30, 2022, as well as its results and cash flow for the six-month period then ended, in conformity with the applicable regulatory framework for financial information and, in particular, the accounting principles and criteria established therein.

Paragraph on other issues

This report has been prepared at the request of the Management of Holaluz-Clidom, S.A. with regard to the publication of the half-year financial report required by Circular 3/2020 de Bolsas y Mercados Españoles, Sistemas de Negociación, S.A. (BME Growth) on "Information to be provided by companies admitted to trading on the BME Growth segment of BME MTF Equity".

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

Albert Closa Sala

October 19, 2022

HOLALUZ-CLIDOM, S.A.

Interim Financial Statements and Explanatory Notes at June 30, 2022

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

CONTENTS

INTERIM FINANCIAL STATEMENTS

HOLALUZ-CLIDOM, S.A.
BALANCE SHEET
AT JUNE 30, 2022 AND DECEMBER 31, 2021

ASSETS	NOTE	6/30/2022	12/31/2021
NON-CURRENT ASSETS		**73,467,999**	**68,059,300**
Intangible assets	**5**	**17,782,929**	**15,429,928**
Patents, licenses, trademarks et al.		1,209	1,306
Development costs		17,599,685	15,219,671
Software		162,602	208,951
Goodwill		19,433	-
Property, plant, and equipment	**6**	**1,179,922**	**671,462**
Land and buildings		494,550	299,402
Technical installations, machinery and other PP&E items		685,372	372,060
Investments in group companies and associates		**10,943,665**	**7,443,665**
Equity instruments	**8**	5,038,665	3,863,665
Loans to companies	9, 21	5,905,000	3,580,000
Financial investments	**9**	**6,316,895**	**2,671,027**
Derivatives	16	6,008,169	2,477,007
Other financial assets	9	308,726	194,020
Deferred tax assets	**18**	**17,500,776**	**18,488,819**
Accruals	**9**	**19,743,812**	**23,354,399**
CURRENT ASSETS		**239,635,841**	**220,671,579**
Inventories		**4,271,850**	**1,841,361**
Commercial inventories		1,831,337	173,672
Prepayments to suppliers		2,440,513	1,668,689
Trade and other receivables	**10**	**125,326,878**	**89,634,091**
Trade receivables		68,845,173	45,965,759
Trade receivables from group companies and associates	21	23,911,619	14,606,121
Other receivables		25,094,945	14,682,514
Receivables from employees		70,624	55,643
Current income tax assets	18	22,883	22,883
Other receivables from Public Administrations	18	7,381,634	14,301,171
Investments in group companies and associates		**7,845,736**	**2,647,316**
Loans to companies	9, 21	7,685,686	2,647,316
Other financial assets		160,050	-
Financial investments		**80,901,729**	**110,325,299**
Derivatives	16	75,764,380	103,528,159
Other financial assets	9	5,137,349	6,797,140
Accruals	**9**	**10,799,968**	**8,088,585**
Cash and cash equivalents	**11**	**10,489,680**	**8,133,927**
Cash		10,489,680	8,133,927
TOTAL ASSETS		**313,103,840**	**288,730,879**

HOLALUZ-CLIDOM, S.A.
BALANCE SHEET
AT JUNE 30, 2022 AND DECEMBER 31, 2021

EQUITY AND LIABILITIES	NOTE	6/30/2022	12/31/2021
EQUITY		**22,413,247**	**14,205,253**
Capital and reserves	**12**	**66,983,053**	**55,017,358**
Share capital		**656,662**	**656,662**
Issued capital		656,662	656,662
Share premium		**61,772,144**	**61,772,144**
Reserves		**-7,111,230**	**-2,284,159**
Legal and statutory reserves		123,477	123,477
Other reserves		-7,234,707	-2,407,636
Treasury shares		**-300,217**	**-300,217**
Profit/(loss) for the year		**11,965,694**	**-4,827,071**
Valuation adjustments		**-44,569,806**	**-40,812,106**
Hedging transactions	**16**	-44,569,806	-40,812,106
NON-CURRENT LIABILITIES		**66,861,938**	**47,577,694**
Payables	**14**	**66,861,938**	**47,577,694**
Bank borrowings	14	32,290,867	19,645,684
Derivatives	16	34,571,071	27,932,010
Deferred tax liabilities	**18**	**-**	**-**
CURRENT LIABILITIES		**223,828,655**	**226,947,932**
Provisions	**13**	**-**	**-**
Payables	**14**	**85,143,320**	**102,421,070**
Bank borrowings		27,133,596	26,257,077
Other financial liabilities		13,905,793	8,354,374
Derivatives	16	44,103,931	67,809,619
Payables to group companies and associates		**7,974,756**	**6,742,479**
Trade and other payables		**130,705,388**	**117,784,383**
Suppliers	**15**	98,390,367	101,708,009
Suppliers, group companies and associates		10,058,162	1,661,354
Other payables	**15**	18,371,913	11,619,795
Employee benefits payable	**15**	230,466	467,130
Current income tax liabilities	**15**	1,456,797	-
Other payables to Public Administrations	**15, 18**	705,351	792,872
Customer advances	**15**	1,492,332	1,535,223
Accruals		**5,191**	**-**
TOTAL EQUITY AND LIABILITIES		**313,103,840**	**288,730,879**

HOLALUZ-CLIDOM, S.A.
INCOME STATEMENT FOR
THE SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND JUNE 30, 2021

	NOTES	6/30/2022	6/30/2021
Revenue	**19**	**540,915,809**	**184,392,081**
Sales		536,756,024	183,359,897
Rendering of services		4,159,785	1,032,184
Work performed by the entity and capitalized	**5.1**	**2,064,078**	**2,042,652**
Cost of sales	**19**	**-491,225,908**	**-166,907,317**
Consumption of goods		-487,097,099	-165,875,133
Work performed by third parties		-4,128,809	-1,032,184
Other operating income	**19**	**464,285**	**1,857,380**
Ancillary income		464,285	1,857,380
Grants related to income		-	-
Employee benefits expense	**19**	**-5,903,615**	**-5,849,763**
Wages, salaries et al.		-4,684,041	-4,458,462
Social security costs et al.		-1,219,574	-1,391,301
Other operating expenses		**-26,804,325**	**-16,499,711**
External services	**19**	-21,743,189	-14,547,057
Taxes		-161,963	-237,880
Losses on, impairment of and change in trade provisions	**10**	-4,788,108	-1,714,774
Other current management expenses		-111,065	-
Depreciation and amortization	**5, 6, 19**	**-2,646,643**	**-1,770,160**
Impairment losses and gains (losses) on disposal of non-current assets	**6**	**-**	**-**
Other gains and losses	**19**	**-129,647**	**-135,057**
Non-recurring expenses		-135,227	-152,308
Non-recurring income		5,580	17,250
OPERATING PROFIT/(LOSS)		**16,734,034**	**-2,869,896**
Finance income		**46,594**	**41,632**
From marketable securities and other financial instruments		-106	4,724
Of group companies and associates		46,700	36,908
Finance costs		**-658,885**	**-267,978**
Third-party borrowings	**19**	-658,885	-267,978
Exchange gains (losses)		**-562**	
FINANCE COST		**-612,853**	**-226,347**
PROFIT/(LOSS) BEFORE TAX	**18**	**16,121,181**	**-3,096,243**
Income tax	**18**	**-4,155,487**	**735,980**
PROFIT/(LOSS) FOR THE YEAR		**11,965,694**	**-2,360,263**

HOLALUZ-CLIDOM, S.A.
STATEMENT OF CHANGES IN EQUITY AT JUNE 30, 2022 AND JUNE 30, 2021
A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES FOR THE YEAR ENDED JUNE 30, 2022 AND JUNE 30, 2021

	Notes	6/30/2022	6/30/2021
PROFIT/(LOSS) FOR THE YEAR		**11,965,694**	**- 2,360,263**
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY			
From cash flow hedges		-40,271,056	3,341,281
Tax effect		10,067,764	-835,320
TOTAL INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY		-30,203,292	**2,505,961**
AMOUNTS TRANSFERRED TO INCOME STATEMENT			
From cash flow hedges		35,260,789	-8,817,670
Tax effect		-8,815,197	2,204,418
TOTAL AMOUNTS TRANSFERRED TO INCOME STATEMENT		26,445,592	**-6,613,252**
TOTAL RECOGNIZED INCOME AND EXPENSES		**8,207,994**	**-6,464,555**

HOLALUZ-CLIDOM, S.A.
STATEMENT OF CHANGES IN EQUITY AT JUNE 30, 2022 AND JUNE 30, 2021

	Share capital	Share premium	Reserves	Treasury shares	Profit/(loss) for the year	Valuation adjustments	Total Equity
	(Note 12.1)	(Note 12.3)	(Note 12.2)	(Note 12.1)		(Note 16)	
Balance at December 31, 2021	**656,662**	**61,772,144**	**- 2,284,159**	**-300,217**	**- 4,827,071**	**-40,812,106**	**14,205,253**
Total recognized income / expenses	-	-	-	-	11,965,694	-3,757,700	**8,207,994**
Transactions with the Sole Shareholder	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other transactions	-	-	-	-	-	-	-
Appropriation of prior-year profit/(loss)	**-**	**-**	**-4,827,071**	**-**	**4,827,071**	**-**	**-**
Balance at June 30, 2022	**656,662**	**61,772,144**	**-7,111,230**	**-300,217**	**11,965,694**	**-44,569,806**	**22,413,247**

	Share capital	Share premium	Reserves	Treasury shares	Profit/(loss) for the year	Valuation adjustments	Total Equity
	(Note 11.1)	(Note 11.2)	(Note 11.2)	(Note 11.2)	(Note 11.2)	(Note 11.6)	
Balance at December 31, 2020	**617,385**	**43,730,866**	**- 1,680,341**	**-304,602**	**- 603,818**	**5,003,515**	**46,763,005**
Total recognized income / expenses	-	-	-	-	-2,360,263	-4,107,292	**-6,467,555**
Transactions with the Sole Shareholder	**-**	**-**	**-**	**4,397**	**-**	**-**	**4,397**
Other transactions	-	-	-	4,397	-	-	4,397
Appropriation of prior-year profit/(loss)	**-**	**-**	**-603,805**	**-**	**603,818**	**-**	**13**
Balance at June 30, 2021	**617,385**	**43,730,866**	**-2,284,146**	**-300,205**	**-2,360,263**	**896,223**	**40,299,848**

HOLALUZ-CLIDOM, S.A.
CASH FLOW STATEMENT
AT JUNE 30, 2022 AND JUNE 30, 2021

	NOTE	6/30/2022	6/30/2021
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		**(5,529,049)**	**1,157,759**
Profit/(loss) before tax		**16,121,181**	**-3,096,243**
Adjustments to profit		**8,047,041**	**3,630,683**
Depreciation and amortization (+)		2,646,642	1,770,161
Impairment losses (+/-)		4,788,108	1,714,774
Changes in provisions (+/-)		-	-114,912
(Gains)/losses on derecognition and disposal of non-current assets (+/-)		-	-
Finance income (-)		-46,594	-41,632
Finance costs (+)		658,885	267,978
Other income and expenses (-/+)		-	34,314
Change in working capital:		**-29,084,980**	**849,665**
Inventories (+/-)		-2,429,488	407,395
Trade and other receivables (+/-)		-40,480,895	-19,448,258
Other current assets (+/-)		-2,711,383	-4,354,795
Trade and other payables (+/-)		12,921,008	24,363,515
Other current liabilities (+/-)		5,191	-118,192
Other non-current assets and liabilities (+/-)		3,610,587	-
Other cash flows from/(used in) operating activities		**612,291**	**-226,347**
Interest paid (-)		-658,885	-267,978
Interest received (+)		46,594	41,632
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**-12,420,595**	**-17,309,393**
Payments on investments (-):		**-14,206,523**	**-17,309,393**
Group companies and associates		-8,698,420	-2,178,175
Intangible assets	5	-4,895,111	-3,717,355
Property, plant and equipment	6	-612,992	-72,456
Other financial assets		-	-11,341,409
Other assets		-	-
Proceeds from disposals (+):		**1,785,932**	**-**
Other financial assets		1,785,932	-
CASH FLOWS FROM FINANCING ACTIVITIES		**20,305,394**	**9,557,155**
Proceeds from and payments on equity instruments		**-**	**4,385**
Issuance of equity instruments (+)		-	4,385
Disposal of own equity instruments (+)		-	-
Proceeds from and payments on financial liabilities:		**20,305,394**	**9,552,770**
Issues:		20,305,394	10,080,657
Bank borrowings (+)		13,521,702	10,080,657
Payables to group companies and associates (+)		1,232,273	-
Other payables		5,551,419	-
Repayment and redemption of:		-	-527,887
Bank borrowings (-)		-	-527,887
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**2,355,753**	**-6,594,481**
Cash and cash equivalents at the beginning of the period	10	8,133,927	33,604,128
Cash and cash equivalents at the end of the period	10	10,489,680	27,009,647

HOLALUZ-CLIDOM, S.A.

NOTES
TO THE INTERIM FINANCIAL STATEMENTS
AT JUNE 30, 2022

1. Activity

HOLALUZ-CLIDOM, S.A. (hereinafter Holaluz or the Company) was incorporated on November 12, 2010. It is domiciled in Barcelona at Passeig de Joan de Borbó, 99, 08039, 4th floor. On September 6, 2019 the Company changed its corporate name to HOLALUZ-CLIDOM, S.A. (formerly CLIDOM ENERGY, SL).

Pursuant to its bylaws, the Company's corporate purpose consists in the purchase and sale, even at an international level, production and marketing of energy in general, natural gas and telecommunications, even their transfer, regardless of their source of generation and production. Additionally, the Company provides energy, environment and telecommunications advisory and engineering services.

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

Its main activity is the marketing of energy in general.

The Company's functional currency is the euro.

At the general meeting held on October 25, 2019 the Company's shareholders resolved to increase capital through a public offering of shares paid with monetary contributions in order to increase the Company's shareholders' equity by a maximum effective amount of 30M euros (nominal amount + share premium). It was also resolved to make a request for all Company outstanding shares to be traded on the Alternative Stock Market (MAB; Growth Company Segment: MAB-EE by its acronym in Spanish, currently BME Growth Bolsas y Mercados Españoles), specifically shares issued within the public offering framework. Said capital increase was approved on November 21, 2019 by the Company's Board of Directors (Note 12), and shares were admitted to trading on the MAB-EE on that same date.

2. Basis of presentation of the interim financial statements

The interim financial statements of the Company at June 30, 2022 were authorized for issue by the Company's Directors on October 18, 2022 and will be submitted for approval by the shareholders in general meeting. It is expected that they will be approved without modification.

HOLALUZ-CLIDOM, S.A. is the parent company of the Holaluz Group, as it wholly owns the share capital of its subsidiaries. The interim consolidated financial statements of the Group at June 30, 2022 were authorized for issue on October 18, 2022.

Since November 2019 the Company shares have been traded on BME Growth (formerly MAB); Growth Company Segment (see Note 12).

a) True and fair view

The interim financial statements at June 30, 2022 have been prepared in accordance with the regulatory framework for financial information applicable to the Company and established by Spanish GAAP, which were passed by Royal Decree 1514/2007 of November 16, and amended several times since publication (last time through Royal Decree 1/2021, of January 12), and enacting regulations, as well as prevailing mercantile law, and, should no disagreement with the former exist, by Royal Decree 437/1998 of March 20, approving the electricity sector adaptation standards.

These interim financial statements give a true and fair view of the Company's equity and financial position at June 30, 2022, as well as the results of its operations, changes in equity and cash flows for the period comprised between January 1 and June 30, 2022 and have been prepared from the Company's accounting records.

b) Comparison of information

In accordance with prevailing mercantile legislation, for comparative purposes, the Company has included for each item of the interim balance sheet, the figures for the year ended December 31, 2021. For comparative purposes the Company has included the figures for the period ended June 30, 2021, in addition to those for the period ended June 30, 2022 for each item of the income statement, the statement of changes in equity and the cash flow statement. The explanatory notes to the financial statements also include quantitative and qualitative information at said dates, presented in the balance sheet or the income statement, as appropriate, except where disallowed by an accounting standard.

c) Accounting principles

The interim financial statements at June 30, 2022 were prepared in accordance with the generally accepted accounting principles and measurement standards described in section 4 to the explanatory notes. All mandatory accounting principles have been applied.

d) Critical issues concerning the assessment of uncertainty

The Company's Directors are responsible for the information included in these interim financial statements.

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

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

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

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

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

- The estimated projections for assessing the recovery of tax credits related to deductions (Notes 4g and 18).

Although these estimates were made on the basis of the best information available, for the preparation of the interim financial statements at June 30, 2022, events may occur in the future that require prospective adjustments (upwards or downwards) to these estimates in subsequent years.

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

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

For items to be classified as current, a maximum period of 1 year from the reporting date of these interim financial statements at June 30, 2022 has been considered.

f) Regulatory framework. General overview

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

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

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

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

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

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

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

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

Royal Decree 15/2018, of October 5, regulating urgent measures for energy transition and consumer protection and modifying and repealing certain terms of the Electricity Sector Law, of Royal Decree 1995/2000, of December 1, regulating the transmission, distribution and marketing activities, among others, of RD 900/2015, of October 9, regulating the administrative, technical and economic conditions of the supply of electrical energy with self-consumption models, of Law 15/2012, of December 27, on tax measures for energy system sustainability, and of Law 38/1992 of December 28, on Special Taxes. The most significant items established by this regulation are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

- Bans on electricity or gas shutoffs at the consumers' usual homes were imposed until April 11, a period that was extended to September 20, 2020 through Royal Decree Law 26/2020.

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

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

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

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

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

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

To mitigate the rise in the prices of gas and electricity in 2021, Royal Decree Law 12/2021 on urgent energy taxation measures approved to reduce to 10% the tax rate applicable to the value added tax in electricity supply contracts where the power contracted is lower than or equal to 10kW provided that the average arithmetic price of the daily market corresponding to the last calendar month prior to the last day of the billing period is greater than 45 €/MWh during the period comprised between June 26 and December 31, 2021. This period was extended to April 30, 2021 through Royal Decree-Law 29/2021, of December 21, adopting urgent measures on energy to encourage e-mobility, self-consumption and deployment of renewable energies. The period of validity was extended again to June 30, 2022 through Royal Decree-Law 6/2022. Lastly, this period was extended to December 31, 2022 through Royal Decree-Law 11/2022.

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

Additionally, Decree-Law 17/2021 approved an amendment to the tax rate applicable to the excise tax on electricity effective from September 16 to December 31, 2021, which has been reduced from 5.1% to 0.5%, which is the lowest tax rate allowed by EU regulations, provided that the lowest taxation level is not below 0.5 euros per megawatt-hour, if the said electricity is used for professional purposes, and 1 euro per megawatt-hour in the rest of cases. This period was extended to April 30, 2022 through Royal Decree-Law 29/2021 and subsequently it was extended again to June 30, 2022 through Royal Decree-Law 6/2022. Lastly, this period was extended to December 31, 2022 through Royal Decree-Law 11/2022.

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

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

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

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

3. Recognition and measurement accounting policies

The main recognition and measurement accounting policies applied in the preparation of the interim financial statements at June 30, 2022 are the following:

a) Intangible assets

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

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

a.1) Industrial property

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

a.2) Development costs

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

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

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

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

a.3) Software

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

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

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

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

b) Property, plant and equipment

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

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

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

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

Property, plant and equipment	**Percentage applied**	
	06.30.2022	**06.30.2021**
Technical installations	10%	10%
Furniture	10%	10%
Data processing equipment	25%	25%
Other items	10%	10%

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

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

The Company assesses at each year end whether there is an indication that a non-current asset or, where applicable, a cash-generating unit may be impaired. If any indication exists, the Company estimates the asset's recoverable amount.

The recoverable amount is the higher of fair value of the asset less cost to sell and value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired. To assess value in use, expected future cash flows are discounted to their present value using risk free market rates, adjusted by the risks specific to the asset. For those assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairment loss and its reversion are recognized in the income statement. Impairment loss is reversed only if the circumstances giving rise to it have ceased to exist. Any such reversal is limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset.

d) Operating leases

Operating lease expenses are recognized in the income statement in the year in which they accrue.

Any collection or payment that is made when arranging an operating lease is treated as advance collection or payment, which is allocated to profit or loss over the lease term as the benefits of the leased asset are provided or received.

e) Financial instruments

e.1) Financial assets

Recognition and measurement

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

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

Financial assets at fair value through profit or loss

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

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

a) It is acquired for the purpose of selling in the near future.

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

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

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

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

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

Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

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

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

Financial assets at fair value through equity

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

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

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

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

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

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

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

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

Financial assets at cost

The Company includes in this category:

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

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

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

d) Contributions made as a result of joint account contracts or similar agreements.

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

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

After analyzing the risks and rewards, the Company derecognizes the financial assets in accordance with the following situations:

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

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

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

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

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

Impairment of financial assets

Debt instruments at amortized cost or fair value through equity

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

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

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

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

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

Equity instruments at fair value through equity

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

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

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

Financial assets at cost

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

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

Interest and dividends received from financial assets

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

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

e.2) Financial liabilities

<u>Recognition and measurement</u>

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

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

Financial liabilities at amortized cost

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

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

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

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

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

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

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

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

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

Financial liabilities at fair value through profit or loss

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

- These are liabilities held for trading. A financial liability is considered held for trading if it meets one of the following conditions:

    - It is issued or assumed mainly for the purpose of repurchasing it in the short term (e.g. bonds or other quoted marketable securities that the company may purchase in the short term based on changes in value).

    - It is an obligation that short sellers have to deliver the financial assets that have been lent to them (“short selling”).

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

    - It is a derivative financial instrument, provided that it is not a financial guarantee contract or has been designated as a hedge.

- Since initial recognition it has irrevocably been designated as at fair value through profit or loss (“fair value option”), due to the fact that:

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

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

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

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

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

Derecognition of financial liabilities

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

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

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

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

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

f) Hedge accounting

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

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

The Company adequately documents its hedges when the hedging relationship is determined, including how they are intended to achieve and measure effectiveness under current risk management policies.

In order to determine whether hedge accounting can be applied, the Company does tests to verify that the differences arising from changes in the value of the hedged item and the corresponding hedging instrument remain within a range of 80% to 125% over the remaining term to maturity, and comply with forecasts established at the related contract dates.

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

For measurement purposes, cash flow hedges hedge exposure to variability in cash flows that is attributable to changes in energy purchase prices. Interest rate swaps are used to exchange floating rates for fixed rates. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized temporarily in equity; the cumulative gain or loss is reclassified to profit or loss in the year or years in which the hedged transaction affects profit or loss.

At the date these interim financial statements for the period ended June 30, 2022 were prepared, the Company’s hedging strategy includes PPAs (Power Purchase Agreements) with producers of renewable plants at a fixed price for a period of 6 years (until 2027) that meet the required conditions.

g) Income tax

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

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

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

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

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

To determine the amount of deferred tax assets that can be recognized, the directors estimate the amounts and dates on which future taxable profits will be obtained and the reversion period of taxable temporary differences. Deferred tax assets recognized in the balance sheet at June 30, 2022 amount to 17,500 thousand euros (18,488 thousand euros at December 31, 2021), of which 14,857 thousand euros correspond to 25% of adjustments for changes in value of derivatives that mature subsequent to year end. In summary, tax loss carryforwards at June 30, 2022 amount to 2,643 thousand euros.

Deferred tax assets and liabilities relating to transactions charged or credited directly to equity are also recognized in equity.

Deferred taxes that have been recognized are reviewed at each balance sheet date to verify that they are still applicable, making any necessary adjustments if required. Unrecognized deferred tax assets are reassessed, recognizing them to the extent that it has become probable that taxable profit will be available against which they can be utilized.

h) Cash and cash equivalents

This heading includes cash, current accounts, short-term deposits and purchases of assets under resale agreements which meet the following criteria:

- They are readily convertible to cash.
- They mature within less than three months from the acquisition date.
- The risk of change in value is insignificant.
- They are part of the Company’s standard cash management strategy.

i) Grants

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

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

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

j) Provisions and contingencies

In preparing the interim financial statements, the Company's Directors make a distinction between:

j.1) Provisions

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

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

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

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

j.2) Contingent liabilities

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

The interim financial statements at June 30, 2022 include all provisions when the Company considers that it will more likely than not have to settle related obligations, and are measured at the present value of the best possible estimate of the amount needed to cancel or transfer the obligation to a third party. Contingent liabilities are not recognized in the balance sheet but disclosed in the notes to the financial statements.

k) Related-party transactions

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

l) Income and expenses

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

m) Termination benefits

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

n) Accrual of customer acquisition costs

As indicated in Note 2. b), until the year ended December 31, 2020 the Company recognized as an intangible asset all costs incurred for obtaining a new contract with a customer only if the Company estimated that these costs would be recovered in the future.

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

As from January 1, 2022, these costs are accrued over a period of about 4 years in accordance with the average life of the contracts that the Company signs with its customers. Before, the estimated useful life of contracts was 7 years.

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

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

p) Fair value

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

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

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

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

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

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

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

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

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

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

q) Treasury shares

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

5) Intangible assets

At June 30, 2022 and December 31, 2021 the movements in Intangible Assets are as follows:

Cost	Balance at December 31, 2021	Investments and Charge for the year	Transfers and other	Disposals	Balance at June 30, 2022
Goodwill	-	20,031			20,031
Industrial property	15,950	-	-	-	15,950
Development costs	24,781,745	4,867,582	-	-	29,649,327
Software	1,273,259	7,500	-	-	1,280,759
Total	**26,070,954**	**4,895,113**	**-**	**-**	**30,966,067**
Accumulated amortization					
Goodwill	-	-598	-	-	-598
Industrial property	-14,644	-97	-	-	-14,741
Development costs	-9,562,075	-2,487,567	-	-	-12,049,642
Software	-1,064,307	-53,850	-	-	-1,118,157
Total	**-10,641,026**	**-2,542,112**	**-**	**-**	**-13,183,138**
NET TOTAL	**15,429,928**				**17,782,929**

Cost	Balance at December 31, 2020	Investments and Charge for the year	Transfers and other	Disposals	Balance at December 31, 2021
Industrial property	15,950	-	-	-	15,950
Development costs	15,888,140	8,893,605	-	-	24,781,745
Software	1,135,321	137,938	-	-	1,273,259
Total	**17,039,411**	**9,031,543**	**-**	**-**	**26,070,954**
Accumulated amortization					
Industrial property	-13,464	-1,180	-	-	-14,644
Development costs	5,835,691	-3,693,610	-32,774	-	-9,562,075
Software	-932,845	-110,380	-21,082	-	-1,064,307
Total	**-6,782,000**	**-3,805,170**	**-53,856**	**-**	**-10,641,026**
NET TOTAL	**10,257,411**			**-**	**15,429,928**

5.1. Significant movements

Additions in intangible assets recorded during the period comprised between December 31,2021 and June 30, 2022 include the capitalization of work performed by the Company and capitalized for an amount of 2,064,078 euros (4,544,120 euros at December 31, 2021), and are part of the technological innovation project related to the vertical integration of all distributed generation processes and *Smart Supply* (billing by charge) that the Company has been carrying out since the beginning of the financial year 2021. It also includes developments by external technology consulting firms amounting to 2.80M euros at June 30, 2022 (4.34M euros at December 31, 2021).

The Rooftop Revolution is based on the use of 100% green energy sources in Spain. Thus, it focuses on the installation of photovoltaic panels in Spanish households, fostering self-consumption of electricity. Distributed generation offers great environmental and energy efficiency advantages: in addition to avoiding energy losses from transmission, it replaces fossil generation (gas, fuel, carbon, etc.) with renewable energies.

The project pursues to digitalize the entire value chain, from the first contact with the homeowner-customer to efficient management of the preparation of the equipment necessary for the installation, contact with technicians and subsequent maintenance. One of the objectives is to obtain results through predictive software to enhance energy performance. Here is where energy management and the demand prediction algorithm come into play, considering that a portion of the energy produced by the installation is self-consumed and another portion is sold to Holaluz. This is a project that is comprehensively classified as a Technological Innovation project.

5.2. Other information

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

Account	**Balance at 06.30.2022**	**Balance at 12.31.2021**
Development costs and Software	2,880,617	1,539,894
Industrial property	14,000	14,000
Total	**2,894,617**	**1,553,894**

At June 30, 2022 and December 31, 2021 no intangible assets have been acquired from group companies. No intangible assets are located outside of Spain.

6) Property, plant and equipment

At June 30, 2022 and December 31, 2021 the movements in Property, plant and equipment are as follows:

Cost	**Balance at December 31, 2021**	**Investments and Charge for the year**	**Transfers and other**	**Disposals**	**Balance at June 30, 2022**
Data processing equipment	635,236	334,670	-	-	969,906
Installations	489,600	218,635	-	-	708,235
Furniture and office equipment	131,349	59,687	-	-	191,036
Total	**1,256,185**	**612,992**	**-**	**-**	**1,869,177**
Accumulated depreciation					
Data processing equipment	-372,719	-72,990	-	-	-445,709
Installations	-175,810	-24,137	-	-	-199,947
Furniture and office equipment	-36,195	-7,404	-	-	-43,599
Total	**-584,723**	**-104,531**	**-**	**-**	**-689,255**
NET TOTAL	**671,462**	**508,461**	**-**	**-**	**1,179,922**

	Balance at December 31, 2020	Investments and Charge for the year	Transfers and other	Disposals	Balance at December 31, 2021
Cost					
Data processing equipment	486,367	148,869	-	-	635,236
Installations	489,600	-	-	-	489,600
Furniture and office equipment	100,583	30,766	-	-	131,349
Total	**1,076,550**	**179,635**	**-**	**-**	**1,256,185**
Accumulated depreciation					
				-	
Data processing equipment	-279,439	-93,280	-	-	-372,719
Installations	-127,657	-48,153	-	-	-175,810
Furniture and office equipment	-24,316	-11,879	-	-	-36,195
Total	**-431,412**	**-153,311**	**-**	**-**	**-584,723**
NET TOTAL	**645,138**	**26,324**	**-**	**-**	**671,462**

6.1 Significant movements

Additions in Installations and Furniture and office equipment correspond to the renovation and modification of a new office space.

Additionally, new data processing equipment has been acquired for the new work space as well as for the renewal of laptops and other computer equipment, as a result of an increase in the Company's staff in the last few months.

6.2 Other information

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

Account	Balance at 06.30.2022	Balance at 12.31.2021
Data processing equipment	246,381	186,462
Furniture	2,757	2,757
Total	**252,138**	**189,219**

It is Company policy to take out the insurance policies necessary to cover the potential risks to which its property, plant, and equipment items are exposed. At June 30, 2022 and December 31, 2021 these potential risks were fully covered by the insurance.

At June 30, 2022 and December 31, 2021 no property, plant and equipment items have been acquired from group companies. No property, plant and equipment items are located outside of Spain.

7) Leases and similar arrangements

7.1 Operating leases

The operating lease payments recognized as expenses at June 30, 2022 compared to the interim financial statements for the period ended June 30, 2021 are as follows:

Description	Balance at 06.30.2022	Balance at 06.30.2021
Lease expenses	297,167	243,759
Total	**297,167**	**243,759**

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

Maturity	Balance at 06.30.2022	Balance at 12.31.2021
Within one year	431,910	481,620
Between one and five years	2,462,185	933,985
More than five years	-	-
Total	**2,894,095**	**1,415,005**

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

On November 19, 2021 a new rental agreement was signed, maturing in December 2026, for extending the said offices.

8) Non-current investments in group companies and associates

The breakdown and movements in the items composing this heading are as follows:

	Balance at December 31, 2021	Additions	Disposals	Balance at June 30, 2022
Equity instruments	3,863,665	1,175,000	-	5,038,665
TOTAL	**3,863,665**	**1,175,000**	**-**	**5,038,665**

During the year 2017-18 the Company set up several subsidiaries to expand its activity to other countries and in other business lines such as solar panel installation. On September 26, 2019 a new subsidiary was incorporated (Clidom Generación). The breakdown of the subsidiaries is provided below. In 2019-20 a capital increase was carried out for an amount of 9 thousand euros in the Portuguese subsidiary Clidomer; the amount was fully paid in by the parent, Holaluz-Clidom, SA. On July 3, 2020 the subsidiary Orwell Power, SL changed its corporate name to Holaluz Generación, SL. On that same date a new subsidiary was incorporated, Holaluz Rooftop Revolution, SL, which is wholly owned by the subsidiary Holaluz Generación, SL, with a contribution of 3 thousand euros.

On December 23, 2019 and January 4, 2021 two financing transactions were carried out with Clidomer, which was granted two participation loans amounting to 300,000 euros and 150,000 euros, respectively. These amounts have increased by an overall amount of 700,000 euros. Consequently, the loans total 1,150,000 euros. Within the context of Portuguese legislation and after being approved at the meeting of Clidomer's Board of Directors held on March 30, 2022, the said amount was recorded in the Capital and Reserves heading of the company, recapitalizing it in order to cover losses.

Following an agreement of its Board of Directors, on March 25, 2021 Holaluz-Clidom carried out a financing transaction with Clidom Italy, which was granted a participation loan amounting to 25,000 euros. Within the context of Italian legislation and after being approved at the meeting of Holaluz-Clidom's Board of Directors held on March 30, 2022, the said amount was recorded in the Capital and Reserves heading of the company, recapitalizing it in order to cover losses.

8.1 Significant investments

The information relating to group companies, joint ventures and associates at June 30, 2022 is as follows:

	Net carrying amount	Direct ownership %	Indirect ownership %	Share capital	Reserves	Retained earnings	Net profit / (loss) 06.30.2022	Total equity
Clidomer Unipessoal, LDA	1,160,000	100%		1,160,000	-	(1,139,706)	(1,201,685)	(1,181,391)
Clidom France, SARL	10,000	100%		10,000	-	(24,743)	(2,586)	(17,328)
Holaluz Generación, SL	3,000	100%		3,000	-	(2,744)	5	260
Clidom Solar, SL	3,000	100%		3,000	-	(5,761,392)	(4,215,188)	(9,973,580)
Clidom Italia, SRL	35,000	100%		10,000	-	13,356	(10,423)	12,933
Clidom Generación, SL	3,000	100%		3,000	-	(1,160)	(12)	1,828
Rooftop Revolution, SL	3,000	100%		3,000	-	33,854	69,163	106,017
Katae Energía SL	-		100%	3,010	37,317	-	(219,352)	(179,025)
Clidom Energía Ibérica SL	3,821,665	100%		3,000	-	2,915,460	(487,031)	2,449,743
Gestión Hidráulica Canarias, SL	-		100%	3,000	35,025	61,182	(5,633)	93,573
Total	**5,038,665**			**1,201,010**	**72,342**	**(3,905,893)**	**(6,072,742)**	**(8,686,970)**

The operating profit/(loss) of the group companies, joint ventures and associates shown in the table above correspond entirely to continuing operations. None of the above companies is listed on the stock exchange.

Clidomer Unipessoal, LDA is a sole shareholder company domiciled in Lisbon, at plaza Nuno Rodriguez dos Santos, 14-B. Its main activity is the manufacture, purchase, sale and marketing of energy and goods inherent to the electricity market.

Clidom Italia, SRL is a limited liability company domiciled in Milan at via Gabba Fratelli, 4. Its corporate purpose consists in the sale of electricity, gas and other energy products. At the date the interim financial statements at June 30, 2022 were prepared, the company is dormant.

Clidom France, SARL is a limited liability company domiciled in Paris at Avenue de l’Opera 75001. Its corporate purpose consists in the sale of gas, electricity and other energy products in France. At the date the interim financial statements at June 30, 2022 were prepared, the company is dormant.

Holaluz Generación, SL (formerly Orwell Power, SL) is a sole shareholder limited liability company domiciled in Barcelona at Passeig Joan de Borbó, 99-101. Its corporate purpose consists in the purchase and sale, even at an international level, production and marketing of energy in general, natural gas and telecommunications, even their transfer, regardless of their source of generation and production. Its corporate purpose also includes the provision of energy, environmental and telecommunications advisory and engineering services. The company started its activity during the year ended September 30, 2020. Additionally, said subsidiary is the sole shareholder of the company Holaluz Rooftop Revolution, SL.

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

Clidom Solar, SL is a sole shareholder limited liability company domiciled in Barcelona at Passeig Joan de Borbó, 99-101. Its corporate purpose consists in the purchase and sale, even at an international level, production and marketing of energy in general, natural gas and telecommunications, even their transfer, regardless of their source of generation and production. It also provides energy, environmental and telecommunications advisory and engineering services. On July 1, 2021 Clidom Solar, SL acquired the company Katae Energía, SL, the corporate purpose of which consists in (i) the promotion of energy efficiency, sensible use of energy and integration of renewable energies, in households and bioclimatic urban spaces, to adopt a sustainable energy system; (ii) the entire construction, repair, restoration, renovation, rehabilitation and maintenance of buildings and civil works, and the intermediation in all types of real estate transactions. This transaction is framed withing the plan for installers in Spain.

On January 21, 2022 Katae Energía, SL acquired the company Gestión Hidráulica Canarias, SL, which was incorporated on April 13, 2015 and is domiciled in Santa Cruz de Tenerife at Punta de la Vista, 3. Its corporate purpose consists, among others, in the construction, installation and maintenance of solar heating and cooling systems.

Clidom Generación, SL is a sole shareholder limited liability company domiciled in Barcelona at Passeig Joan de Borbó, 99-101. Its corporate purpose consists in the production or generation of electricity, including the generation of renewable electricity, and the construction, operation and maintenance of production facilities. This activity can be carried out directly or through the acquisition of an ownership interest in special purpose vehicles that own the generation projects. At the date the financial statements at December 31, 2021 were prepared, the company is dormant.

Following the aforementioned strategy for acquiring electricity marketers or power supply customer portfolios (Note 12 to the consolidated financial statements), on December 24, 2021 Holaluz announced the signing of a purchase agreement with Bulb International Holdings Limited to acquire 100% of its wholly owned subsidiary Bulb Energía Ibérica, S.L. Unipersonal (“Bulb”). Bulb is an electricity marketer focused on households and small- and medium sized enterprises in Spain with approximately 23,000 customers at December 2021. Bulb’s business model is based on the generation of green energy through a 100% digital model. The acquisition of Bulb was completed on December 30, 2021 and the company became part of the consolidation scope as from December 31, 2021. The Directors have prepared projections in accordance with the approved business plan and they expect that the situation will be reversed and cash flows will be obtained in the coming years. Thus, they consider that no impairment of ownership interest applies. During the current first half of the year the company changed its corporate name to Clidom Energía Ibérica SL.

Except for Clidom Generación, which was incorporated on September 26, 2019, and Holaluz Rooftop Revolution, which was incorporated on July 3, 2020, the other associates were incorporated in the last quarter of the year ended September 30, 2018. Accumulated losses by Clidomer and Clidom Solar are mainly due to the fact that the companies are still in a stage of growth and, consequently, require investments in structure costs, which generate these losses. The Directors have prepared projections in accordance with the approved business plan and they expect that the situation will be reversed and cash flows will be obtained in the coming years. Thus, they consider that no impairment of ownership interest applies.

Additionally, on December 23, 2020 the Board of Directors of the Company resolved to grant participation loans amounting to 150 thousand euros to Clidomer, 1.2M euros to Clidom Solar and 20 thousand euros to Clidom France, so that they could face their negative shareholders' equity situation at September 30, 2020. Furthermore, a capital increase amounting to 9 thousand euros was carried out at Clidomer. The capital was fully paid in by the parent Holaluz-Clidom, SA. See Note 9 a) for further details on loans to group companies. The rest of the loans are detailed in Note 21.

On March 30, 2022 the Board of Directors resolved to grant a new participation loan to the entity Clidom Solar SL amounting to 2,800 thousand euros.

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

9.1 Non-current financial investment categories

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

	Loans, derivatives, and other financial investments	
Financial assets at amortized cost	**Balance at June 30, 2022**	**Balance at December 31, 2021**
Loans to group companies and associates	5,905,000	3,580,000
Other financial assets	308,726	194,020
TOTAL	**6,213,726**	**3,774,020**

Other non-current financial assets substantially correspond to the deposit given as a lease guarantee on the offices rental maturing in 2024 (133 thousand euros at June 30, 2022 and 69 thousand euros at December 31, 2021), guarantees at MIBGAS (12 thousand euros) and long-term social contributions in Avalis (28.6 thousand euros) and Cajamar (30 thousand euros), among others.

The "Loans to group companies and associates" balance is detailed in Note 21.

The "Derivatives" balance at June 30, 2022 and December 31, 2021 is commented on in Note 16.

9.2 Current financial investment categories

Current financial investments are classified based on the following categories:

	Loans, derivatives, and other financial investments	
Financial assets at amortized cost	**Balance at June 30, 2022**	**Balance at December 31, 2021**
Loans to group companies and associates	7,685,686	2,647,316
Other financial assets	5,137,349	6,797,140
TOTAL	**12,823,035**	**9,444,456**

Loans to group companies and associates

This caption includes the collection right that the Company holds with the subsidiary Holaluz Rooftop Revolution, SL after the latter started its activity. As mentioned in Note 8.1, this subsidiary's corporate purpose is to provide financial support for private projects consisting in the purchase or installation of solar panels and to grant loans and credits (including consumer loans) and other funding transactions for developing the self-consumption business and distributed generation of energy. The first loans were granted in June 2021. The monthly installments thereof will be paid by the customers in the electricity bill, with Holaluz-Clidom, SA acting as the servicer. Once the installments are received, the servicer (Holaluz-Clidom, SA) will pay the money to the finance company (Rooftop Revolution, SL). The amount pending receipt by the Company to be paid to Holaluz Rooftop Revolution, SL at June 30, 2022 corresponds to the total amount of loans granted up to that date and pending transfer to the finance company.

Derivatives

The "Derivatives" balance at June 30, 2022 is commented on in Note 16.

Other financial assets

As at December 31, 2021, this heading includes deposits given as guarantees to the electricity and gas market operators.

9.3 Short-term accruals

This heading includes the accrual of annual expenses that at the closing date of these interim financial statements have not yet been incurred and amounts to 10,800 thousand euros (8,088 thousand euros at December 31, 2021). The breakdown of this caption is as follows:

- Sales commissions for an amount of 1,821 thousand euros (1,565 thousand euros at December 31, 2021) for annual customer contracts.
- Customer acquisition costs (Note 3.a.4 and 5.1) amounting to 7,103 thousand euros (4,715 thousand euros at December 31, 2021).
- Insurance premiums amounting to 198 thousand euros (162 thousand euros at December 31, 2021).
- Advertising costs for campaigns not launched amounting to 1,678 thousand euros (914 thousand euros at December 31, 2021).

9.4 Long-term accruals

This heading includes customer acquisition costs amounting to 19,743,812 euros (23,354,399 euros at December 31, 2021). During the year expenses corresponding to customer acquisition costs have been recorded for an amount of 8,904 thousand euros, which are accrued to the income statement as incurred (5,213 thousand euros during the year ended December 31, 2021).

10) Trade and other receivables

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

	June 30, 2022	December 31, 2021
Trade and other receivables		
Trade receivables	68,845,173	45,965,759
Trade receivables from group companies and associates	23,911,619	14,606,121
Other receivables	25,094,945	14,682,514
Receivables from employees	70,624	55,643
Current income tax assets	22,883	22,883
Other receivables from Public Administrations	7,381,634	14,301,171
TOTAL	**125,326,878**	**89,634,091**

At June 30, 2022, the balances related to electricity and gas sales pending invoice included in "Trade receivables" amount to 50,293 thousand euros (33,599 thousand euros at December 31, 2021) and correspond to energy supplied during June, which is invoiced to customers during the first working days of the following month (in this case, July 2022). The Company's operations for billing the electricity and gas sales activity consist in issuing invoices for the amount of electricity and gas consumed during the calendar month and sending the corresponding invoices to customers during the first days of the following month.

10.2 Impairment losses arising from credit risk

The balance of 'Trade receivables' is presented net of impairment losses. The movements in impairment losses are as follows:

	June 30, 2022	December 31, 2021
Impairment losses due to credit risk		
Opening impairment losses	-5,574,343	-3,971,123
Impairment losses	-4,900,000	-3,443,854
Derecognition and reductions		1,840,634
Total	**-10,474,343**	**-5,574,343**

11) Cash and cash equivalents

The breakdown of this caption at June 30, 2022 and December 31, 2021 is as follows:

	June 30, 2022	December 31, 2021
Cash and cash equivalents		
Cash	841	841
Demand current accounts	10,488,839	8,133,086
Total	**10,489,680**	**8,133,927**

Current accounts earn market interest rates.

Cash and cash equivalents are unrestricted.

12) Equity

12.1 Share capital and Treasury shares

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

At the general meeting held on October 25, 2019 the Company's shareholders resolved to increase capital through a public offering of shares paid with monetary contributions in order to increase the Company’s shareholders’ equity by a maximum effective amount of 30 million euros (nominal amount + share premium). It was also resolved to make a request for all Company outstanding shares to be traded on BME Growth (formerly MAB), specifically shares issued within the public offering framework. On the same date a capital decrease of 5,068 euros against Reserves was approved.

On November 21, 2019 the Board of Directors of the Company carried out the capital increase for an effective amount of 29,999,998.98 euros through the issuance and putting into circulation of 3,856,041 new ordinary shares with a nominal value of 0.03 euros each plus a share premium of 7.75 euros per share. Consequently, the new share issue rate is 7.78 euros per share. Therefore, the capital increase amounted to 115,681.23 euros and the corresponding share premium amounts to 29,884,317.75 euros. These amounts have been fully paid up upon subscription of the new shares. Within the framework of the IPO on BME Growth, the Company acquired treasury shares for an amount of 300 thousand euros.

Last September 30, 2021, given the chance of carrying out potential acquisitions of electricity marketers arisen as a result of the situation of spot market electricity prices, and thus speed up the Company’s organic growth plan that sets the objective of reaching one million customers by the end of 2023, Holaluz signed with two institutional investors (MDR Inversiones, S.L. and Mediavideo B.V.) a transaction consisting in a subordinated financing mandatorily convertible into Holaluz shares for the amount of 11,368,106.96 euros, maturing on December 31, 2021 and a conversion price of 13.81 euros per share. The purpose of this transaction was to increase the Company’s financial agility to launch its consolidation strategy in the sector by means of these potential acquisitions at more attractive prices.

In order to convert the mandatorily convertible financing received into shares, at the general meeting held on November 9, 2021, Holaluz shareholders resolved to increase capital through the offset of credits for a nominal amount of 24,765 euros and cash (including share premium) of 11,400,155 euros by issuing new ordinary shares with a nominal value of 0.03 euros each, expected to be an incomplete subscription and delegating the power to carry out the capital increase ('Increase by Offsetting') to the board of directors.

As a result of this delegation, at the meeting held on November 9, 2021 the board of directors resolved to carry out the Increase by Offsetting for an effective amount (nominal value plus share premium) of 11,380,565.16 euros, which was fully subscribed by MDR Inversiones, S.L. and Mediavideo B.V., as the creditors, through the offset of the credit rights they held against the Company resulting from the mandatorily convertible subordinated financing that they had granted to Holaluz. The Increase by Offsetting was carried out through the issuance and putting into circulation of 824,080 new ordinary shares of the same class and series as currently outstanding Company shares, represented by book entries, with a nominal value of 0.03 euros each. These shares accounted for approximately 4% of share capital before the Increase by Offsetting and 3.85% of share capital after the Increase by Offsetting and grant their holders the same voting and dividend rights as currently outstanding Company shares. On December 29, 2021 the public deed ratifying the Increase by Offsetting was filed with the Barcelona Mercantile Registry. The newly issued shares were subsequently registered in the form of book entries on the accounting records maintained by Iberclear. In turn, on January 14, 2022 the shares issued in the Increase by Offsetting were incorporated into the BME Growth segment of BME MTF Equity and, in accordance with the exception set forth in rule 2.2.3.a) of Circular 2/2020.

Additionally, at the extraordinary general meeting held on that same date, the shareholders of the Company, pursuant to point two of the agenda and in conformity with articles 297.1(b) and 506 of the consolidated text of the Spanish Corporate Enterprises Act, passed through Royal Decree Law 1/2020 of July 2, authorized the board of directors to increase share capital without prior consultation with the shareholders once or several times and at any time, for a period of five years as from the date the aforementioned extraordinary general meeting was held, for the amount corresponding to half of share capital at the time of the authorization and with the power to waive pre-emptive subscription rights, through the issuance of new ordinary shares or any other type of shares in accordance with applicable legal requirements and up to an aggregate nominal amount equal to 20% of share capital at the date of authorization.

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

As a result of the capital increase, the Company's share capital amounts to 656,661.57 euros, has been fully subscribed and paid in, and consists of 21,888,719 ordinary shares with a nominal value of 0.03 euros each. All shares are of a single class and series.

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

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

	June 30, 2022	**December 31, 2021**
Axon Capital e Inversiones	16.81%	16.81%

12.2 Legal reserve

Under the revised text of the Spanish Capital Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

At June 30, 2022 the legal reserve is funded by 18.80%.

12.3 Reserves and share premium

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

12.4 Transactions with treasury shares

Treasury shares at June 30, 2022 account for 0.18% of the Company's share capital (0.18% at December 31, 2021) and amount to 39,396 shares (38,396 shares at December 31, 2021), at an average acquisition price of 7.81 euros per share (7.81 euros at December 31, 2021).

13) Provisions

At December 31, 2020 the Company set aside a provision for all tax payments pending to be settled corresponding to municipal tax payments. The most part of it relates to the tax on economic activities.

As indicated in the note on the Regulatory Framework, Spain's 2021 General State Budget currently includes a caption (151.6) for the marketing of electrical energy activity. Consequently, since January a national tax charge is applied to levy this tax. The Company is in the process of claiming the TEA payments made since 2016 to all the city councils to which the said amounts were paid. Consequently, it recorded a provision for amounts wrongly paid of 822 thousand euros at December 31, 2021. At June 30, 2022, 164 thousand euros have been refunded.

During the first 6 months of 2022 there have been no movements in provisions:

	Balance at December 31, 2021	Additions	Disposals	Balance at June 30, 2022
Provisions	-	-	-	-
TOTAL	-	-	-	-

	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Provisions	211,573	-	(211,573)	-
TOTAL	**211,573**	-	**(211,573)**	-

14) Non-current and current payables

Non-current payables are classified based on the following categories:

	Bank borrowings		Other items	
	Balance at June 30, 2022	**Balance at December 31, 2021**	**Balance at June 30, 2022**	**Balance at December 31, 2021**
Financial liabilities at amortized cost	32,290,867	19,645,684		
TOTAL	**32,290,867**	**19,645,684**		

During the first 6 months of the year 2022 three loans have been taken out from Bankinter and Banco Santander for an overall amount of 1.4M euros and maturing in the short term. At the date these interim financial statements were authorized for issue the loans have already been repaid. A new ICO loan has also been taken out for an amount of 2M euros maturing in the long term, with a grace period until July 2023. During the first half of the year 2022 a higher amount of credit facilities have been drawn down because of the company's activity in a context of increased energy prices.

Additionally, during May 2021 the conditions of the ICO loans granted by several financial entities for the amount of 11.5M euros were renegotiated, extending the corresponding grace periods until the first half of 2022.

The breakdown of “Derivatives” is commented on in Note 16.

Current payables are classified based on the following categories:

	Bank borrowings		Other items	
	Balance at June 30, 2022	**Balance at December 31, 2021**	**Balance at June 30, 2022**	**Balance at December 31, 2021**
Financial liabilities at amortized cost	27,133,596	26,257,077	13,905,793	8,354,374
TOTAL	**27,133,596**	**26,257,077**	**13,905,793**	**8,354,374**

Bank borrowings include the portion of current loans indicated in the paragraph above. They also include the amounts utilized from credit lines and the amounts utilized from reverse factoring facilities and funded payments (Note 14.1). Most of these borrowings at June 30, 2022 correspond to Cajamar, Bankinter and Banca March.

This heading also includes 9.9M euros corresponding to SEPA financing carried out at June 30 that at the date these financial statements are signed has been fully settled.

The amount of 13,905,793 euros (8,354,374 euros at December 31, 2022) classified as "Other items" basically corresponds to short-term non-bank financing obtained to finance VAT accounts receivable; see note on the Regulatory Framework for the application of output VAT at 10% for almost the entire customer portfolio, generating a payable balance by the tax authorities amounting to 4,489 thousand euros at June 30, 2022 (Note 18). At the date these explanatory notes were signed, the tax authorities had already settled 13.4M euros.

The breakdown of "Derivatives" is commented on in Note 16.

14.1 Classification by maturity

The breakdown by maturity of the loans, with fixed or determinable maturity, at June 30, 2022 and December 31, 2021, is as follows:

June 30, 2022	**2022**	**2023**	**2024**	**2025**	**Subsequent years**	**TOTAL**
Bank loans	3,245,216	4,029,450	5,018,660	4,603,450	2,943,761	19,840,537
TOTAL	**3,245,216**	**4,029,450**	**5,018,660**	**4,603,450**	**2,943,761**	19,840,537

December 31, 2021	**2022**	**2023**	**2024**	**2025**	**Subsequent years**	**TOTAL**
Bank loans	3,532,785	3,544,538	4,018,865	4,088,157	2,943,760	18,128,106
TOTAL	**3,532,785**	**3,544,538**	**4,018,865**	**4,088,157**	**2,943,760**	**18,128,106**

14.2 Other information

The breakdown of bank borrowings by item is as follows:

	June 30, 2022		
	Limit (*)	**Current**	**Non-current**
Bank loans	22,725,000	3,245,216	16,595,321
Credit facilities	22,450,000	2,612,972	15,695,546
Factoring, reverse factoring and funded payments	12,120,000	11,230,413	-
Bills discounted	10,000,000	9,949,067	-
Credit cards	139,900	95,928	-
TOTAL	**67,314,900**	**27,133,596**	**32,290,867**

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

December 31, 2021			
	Limit (*)	Current	Non-current
Bank loans	25,271,602	3,532,785	14,595,321
Credit facilities	22,450,000	761,993	5,050,363
Factoring, reverse factoring and funded payments	12,000,000	11,845,305	-
Bills discounted	10,000,000	10,059,760	-
Credit cards	139,900	57,234	-
TOTAL	**69,861,502**	**26,257,077**	**19,645,684**

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

In the period comprised between December 31, 2021 and June 30, 2022 the Company has reduced the limit available on its net bank borrowings by 15.9M euros. Short-term financing has been extended with new factoring facilities and loans have been repaid. These facilities have been mainly used to fund the cash needs derived from the increase in the Company's activity. Of the 22,450 thousand euros of available limit on credit facilities at June 30, 2022, 19.7M euros mature in the long term.

Additionally, the Company has drawndown lines of security interests and guarantees that have been granted by several financial institutions for an overall amount of 15.5M euros (19.3M euros at December 31, 2021), which have been provided to energy suppliers to carry out the energy purchase and marketing activity. The interest rate paid by the Company related to bank borrowings ranges between 1.5% and 4.1% for bank loans and an average of 1.8% for working capital facilities.

15) Trade and other payables

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

Financial liabilities at amortized cost	June 30, 2022	December 31, 2021
Trade and other payables		
Suppliers	98,390,367	101,708,009
Suppliers, group companies and associates	10,058,162	1,661,354
Other payables	18,371,913	11,619,795
Employee benefits payable	230,466	476,130
Other payables to Public Administrations	1,456,797	792,872
Customer advances	1,492,332	1,535,223
TOTAL	**130,705,388**	**117,784,383**

The balance of "Other payables to Public Administrations" is shown in Note 18.

At each month end and, therefore, also at year end, the balance of 'Customer advances' corresponds to advance collections received from the customers that have contracted a flat rate (Sin-Sorpresas) and to the advance collection received in prior months that will be regularized in each annuity of the customer contract.

At June 30, 2022 the balances for invoices pending receipt corresponding to supplied electricity included under "Suppliers" amount to 63,978 thousand euros (40,609 thousand euros at December 31, 2021), of which 6,329 thousand euros correspond to invoices pending receipt from distributors (3,808 thousand euros at December 31, 2021).

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

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

	June 30, 2022	December 31, 2021
Average payment period to suppliers	34	23
Ratio of transactions paid	40	26
Ratio of transactions outstanding	14	8

	June 30, 2022	December 31, 2021
Total payments made	508,840,287	610,689,793
Total payments outstanding	126,820,442	115,075,885

16) Hedging transactions using derivative financial instruments

The Company uses derivatives to hedge the risks to which its activities, operations and projected cash flows are exposed. At June 30, 2022 and December 31, 2021 base loads of energy are covered at a fixed price. All of them end in 2027, and meet the requirements detailed in (Note 4f) on measurement policies to be classified as hedging instruments.

Cash flow hedges in force at the closing date of these interim financial statements are as follows:

				Fair value	
Description of the hedge	**Type**	**Entity**	**Underlying**	**Asset**	**Liability**
EEX Power hedge	SWBCCAL22	Investment entity	MWh	4,937,896	(8,969,378)
EEX Power hedge	SWBCQ3-22	Investment entity	MWh	-	(11,983,728)
EEX Power hedge	SWBCQ4-22	Investment entity	MWh	-	(5,696,127)
EEX Power hedge	SWBCCAL23	Investment entity	MWh	-	(12,409,416)
EEX Power hedge	SWBCCAL24	Investment entity	MWh	-	(5,609,462)
EEX Power hedge	SWBCCAL25	Investment entity	MWh		(6,969,456)
Over the counter	OTCCAL22	Investment entity	MWh	3,211,277	(489,757)
Over the counter	OTCJUL22	Investment entity	MWh	474,672	-
Over the counter	OTCAUG22	Investment entity	MWh	362,328	-
Over the counter	OTCQ3-22	Investment entity	MWh	694,925	(6,960,234)
Over the counter	OTCQ4-22	Investment entity	MWh	-	(10,255,945)
Over the counter	OTCOCT22	Investment entity	MWh	252,846	-
Over the counter	OTCNOV22	Investment entity	MWh	98,208	-
Over the counter	OTCDEC22	Investment entity	MWh	98,491	-
Over the counter	OTCCAL23	Investment entity	MWh	486,443	(8,419,805)
Over the counter	OTCQ1-23	Investment entity	MWh	6,477	(825,170)
Over the counter	OTCQ2-23	Investment entity	MWh	637,483	-
Over the counter	OTCQ3-23	Investment entity	MWh	209,177	-
Over the counter	OTCCAL24	Investment entity	MWh		(86,523)
Power Purchases Agreement	CAL20_26	Investment entity	MWh	7,778,370	-
Total				**19,248,593**	**(78,675,001)**
Net					**(59,426,408)**

Cash flow hedges in force at December 31, 2021 are as follows:

Description of the hedge	Type	Entity	Underlying	Fair value Asset	Liability
EEX Power hedge	SWBCCAL22	Investment entity	MWh	9,013,291	(12,059,454)
EEX Power hedge	SWBCENE22	Investment entity	MWh	932,455	-
EEX Power hedge	SWBCFEB22	Investment entity	MWh	779,520	-
EEX Power hedge	SWBQMAR22	Investment entity	MWh	891,600	-
EEX Power hedge	SWBCQ2-22	Investment entity	MWh		(2,692,326)
EEX Power hedge	SWBCQ3-22	Investment entity	MWh		(13,020,686)
EEX Power hedge	SWBCQ4-22	Investment entity	MWh		(6,826,252)
EEX Power hedge	SWBCCAL23	Investment entity	MWh		(12,409,416)
EEX Power hedge	SWBCCAL24	Investment entity	MWh		(5,609,462)
EEX Power hedge	SWBCCAL25	Investment entity	MWh		(6,969,456)
Over the counter	OTCCAL22	Investment entity	MWh	11,421,856	(473,040)
Over the counter	OTCENE22	Investment entity	MWh	-	(3,946,362)
Over the counter	OTCFEB22	Investment entity	MWh	113,904	-
Over the counter	OTCMAR22	Investment entity	MWh	3,711,656	-
Over the counter	OTCQ122	Investment entity	MWh	5,976,112	(6,379,280)
Over the counter	OTCQ222	Investment entity	MWh	-	(9,246,335)
Over the counter	OTCQ322	Investment entity	MWh	1,935,444	(5,737,819)
Over the counter	OTCQ422	Investment entity	MWh		(6,837,341)
Over the counter	OTCCAL23	Investment entity	MWh		(2,912,700)
Over the counter	OTCCAL24	Investment entity	MWh		(590,724)
Power Purchases Agreement	CAL20_27	Investment entity	MWh	466,155	(30,975)
Power Purchases Agreement	CAL20_26	Investment entity	MWh	6,083,493	-
Total				**41,325,486**	**(95,741,628)**
Net					**(54,416,142)**

The net amounts of these transactions at the closing date of the interim financial statements for the period ended June 30, 2022 total -59,426 thousand euros (-54,416 thousand euros at December 31, 2021) and have been recorded as follows:

	June 30, 2022	December 31, 2021
Derivatives		
NC derivative assets	6,008,169	2,477,007
C derivative assets	75,764,380	103,528,159
NC derivative liabilities	(34,571,071)	(27,932,010)
C derivative liabilities	(44,103,930)	(67,809,619)
TOTAL	**3,097,548**	**10,263,537**

Additionally, at June 30, 2022 the Company's cash account includes -62,524M euros corresponding to hedging instruments settled before maturity (-64.679M euros at December 31, 2021). During 2022 there has been a cash outflow of 6,072 thousand euros corresponding to margin calls.

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

	June 30, 2022	December 31, 2021
Amount recognized in equity - Profit / (loss)	(44,569,806)	(40,812,106)
Amount recorded directly in income statement - Profit / (loss)	(9,298,023)	29,974,237
Total	**(53,867,829)**	**(10,837,869)**

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

17) Nature and extent of risks arising from financial instruments

Qualitative information

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

17.1 Credit risk

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

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

	June 30, 2022	December 31, 2021
Not due	46,653,045	30,162,565
Past due, not impaired		
Less than 30 days	9,516,079	5,874,620
30 – 60 days	1,619,685	429,445
More than 60 days	11,056,363	9,499,129
	68,845,173	**45,965,759**
Doubtful receivables	10,474,343	5,574,323
Impairment losses	-10,474,343	-5,574,323
Total	**68,845,173**	**45,965,759**

17.2 Liquidity risk

In order to ensure ongoing liquidity and the ability to service all payment commitments arising from its activity, the Company holds the cash balances reflected in the balance sheet and the credit lines detailed in the note about financial institutions (Note 14).

17.3 Market risk

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

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

As for the market price risk of energy, the Company's policy is to arrange hedging financial instruments to minimize fluctuations in the Megawatt-hour (MWh) market price of energy (Note 16) and thus ensure trade margin.

18) Taxes

The breakdown of this heading at June 30, 2022 and December 31, 2021 is as follows:

	June 30, 2022			
	Debit balances		Credit balances	
	Non-current	Current	Non-current	Current
Value added tax	-	7,282,920	-	-
Canary Islands general indirect tax	-	98,714	-	-
Current income tax assets	-	22,883	-	-
Deferred tax assets	17,500,776	-	-	-
Current income tax assets	-	-		1,456,797
Deferred tax liabilities	-	-	-	-
Electricity tax	-	-	-	-
Gas tax	-	-	-	30,753
Personal income tax	-	-	-	238,008
Social security agencies	-	-	-	436,590
Total	**17,500,776**	**7,404,517**	**-**	**2,162,148**

At the closing date of these interim financial statements VAT receivable is due to the modification of output VAT, which has been reduced from 21% to 10% due to the measures implemented by the Government (see note Regulatory Framework).

	December 31, 2021			
	Debit balances		Credit balances	
	Non-current	Current	Non-current	Current
Value added tax	-	14,223,319	-	-
Canary Islands general indirect tax	-	77,852	-	115,971
Current income tax assets	-	22,883	-	-
Deferred tax assets	18,488,819	-	-	-
Current income tax assets	-	-		
Deferred tax liabilities	-	-	-	-
Electricity tax	-	-	-	103,157
Gas tax	-	-	-	70,510
Personal income tax	-	-	-	196,167
Social security agencies	-	-	-	307,067
Total	**18,488,819**	**14,324,054**	**-**	**792,872**

The reconciliation of profit before tax with tax results is as follows:

	06.30.2022		06.30.2021	
	Tax accrued	Tax payable	Tax accrued	Tax payable
Profit/(loss) before income tax	16,121,181	16,121,181	(3,096,243)	(3,096,243)
Adjustments to profit/(loss)				
Permanent differences	500,766	500,766	152,308	152,308
Temporary differences				
Tax result	**16,621,947**	**16,621,947**	**(2,943,934)**	**(2,943,934)**
Total tax liability (25% of tax result)	4,155,487	4,155,487	(735,980)	(735,980)
Deductions	-	(1,990,609)	-	-
Net tax payable	**4,155,487**	**2,164,878**	**-**	**-**
Withholdings and payments on account	-	(458,081)	-	-
Utilization of tax loss carryforwards	-	(250,000)	-	-
Income tax expense / Income tax refund	**4,155,487**	**1,456,797**	**(735,980)**	**-**

Deferred tax assets recorded

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

	06.30.2022		12.31.2021	
Item	Amount	Maturity	Amount	Maturity
Tax credits related to unused tax loss carryforwards	1,863,165	-	2,113,165	-
Arisen in 2021	1,863,165	-	2,113,165	-
Arisen in 2022	-	-	-	-
Unused deductions:				
2014 deduction for investment profit	-	2029	29,604	2029
2013 deduction for IT	-	2031	35,099	2031
2014-15 deduction for IT	-	2032	140,124	2032
2015-16 deduction for IT	-	2033	139,947	2033
2016-17 deduction for IT	-	2034	297,887	2034
2017-18 deduction for IT	-	2035	259,636	2035
2018-19 deduction for IT	-	2036	282,991	2036
2019-20 deduction for IT	-	2034	384,843	2034
4Q 2020 deduction for IT	-	2038	100,832	2038
2021 deduction for IT	205,915	2039	1,066,153	2039
2022 deduction for IT	578,457	2040	-	-
2014-15 deduction for donation	-	2024	729	2024
2015-16 deduction for donation	-	2025	1,925	2025
2016-17 deduction for donation	-	2026	2,275	2026
2018-19 deduction for donation	-	2028	4,350	2028
2021 deduction for donation	-	2031	24,815	2031
2022 deduction for donation	(3,771)	2032	-	-
Temporary differences	-		-	
2013-19 Amortization (25%)	408	2025-33	408	2025-33
Hedging transactions	14,856,602	-	13,604,035	-
Total	**17,500,776**		**18,488,818**	

Technological innovation deductions derive from the technological transformation project that the Company is developing (Note 5) and independent experts have certified that they meet the R&D&I requirements set forth in article 35 of Law 27/2014, of November 27, on the Income Tax.

The Company estimated the taxable profits which it expects to obtain over the next five fiscal years (period for which it considers the estimates to be reliable) based on budgeted projections. It also analyzed the reversal period of taxable temporary differences, identifying those that reverse in the years in which unused tax loss carryforwards may be used. Based on this analysis, the Company has recognized deferred tax assets for unused tax loss carryforwards as well as deductible temporary differences for which it is considered probable that sufficient taxable profit will be generated in the future against which they can be utilized.

Years open to inspection and tax inspections

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by tax authorities or until the four-year inspection period has expired. The Company's Directors consider that all applicable taxes have been duly paid so that even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the treatment applied, the resulting potential tax liabilities, in the event that they materialize as a result of a tax inspection, would not have a material impact on the interim financial statements at June 30, 2022.

19) Income and expenses

19.1 Revenue

The distribution of revenue by activity category is as follows:

Activities	June 30, 2022	June 30, 2021
Marketing of electricity	249,344,921	108,244,717
Marketing of gas	31,986,156	10,038,103
Representation of electricity	255,455,923	65,077,077
Income from installations	4,128,809	1,032,184
Total	**540,915,809**	**184,392,081**

Revenue has been generated solely in Spain.

19.2 Energy consumption

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

Activities	June 30, 2022	June 30, 2021
Purchases of electricity from the market	215,218,334	89,178,509
Purchases of gas from the market	15,709,997	8,239,429
Purchases of electricity for representation	261,147,368	66,918,147
Cost of financial derivatives	-4,978,600	1,539,048
Cost for installations	4,128,809	1,032,184
Total	**491,225,908**	**166,907,317**

All purchases are made in the Spanish market.

19.3 Other operating income.

At June 30, 2022 and 2021 the breakdown of ‘Ancillary income’ is as follows:

Other operating income	June 30, 2022	June 30, 2022
Management Fee	402,601	1,799,985
Income from services to personnel	61,684	57,395
Grants, donations and bequests received	0	-
Total	**464,285**	**1,857,380**

19.4 Employee benefits expense

The breakdown of this heading in the interim financial statements at June 30, 2022 is as follows:

	June 30, 2022	June 30, 2021
Wages and salaries	4,684,018	4,382,722
Social Security paid by the company	1,201,303	1,288,366
Termination benefits	22	75,741
Other employee welfare expenses	18,272	102,934
Total	**5,903,615**	**5,849,763**

19.5 External services

The breakdown of this heading in the interim financial statements at June 30, 2022 is as follows:

	June 30, 2022	June 30, 2021
Leases	297,167	243,759
Repairs and maintenance	492,761	565,142
Independent professional services	7,635,730	5,447,775
Insurance premiums	278,634	175,945
Bank services	673,622	321,891
Publicity, advertising and public relations	10,129,871	6,575,184
Utilities	971,512	479,238
Other services	1,263,892	738,123
Total	**21,743,189**	**14,547,057**

At June 30, 2022 the ‘Publicity, advertising and public relations’ heading includes 8,904 thousand euros corresponding to accruals of customer acquisition costs.

19.6 Depreciation and amortization

The breakdown of this heading in the interim financial statements at June 30, 2022 is as follows:

	June 30, 2022	June 30, 2021
Property, plant and equipment	104,531	74,651
Intangible assets	2,542,112	1,695,509
Total	**2,646,643**	**1,770,160**

19.7 Other gains and losses

The breakdown of this heading in the interim financial statements at June 30, 2022 is as follows:

	June 30, 2022	June 30, 2021
Non-recurring expenses	135,227	153,308
(Non-recurring income)	(5,580)	(17,250)
Total	**129,647**	**135,057**

These balances mainly include fines and penalties.

19.8 Finance costs

The breakdown of this heading in the interim financial statements at June 30, 2022 is as follows:

	June 30, 2022	June 30, 2021
Interest on payables	375,989	152,887
Interest on discounted bills at other financial institutions	114,077	28,051
Other finance costs	168,819	87,040
Total	**658,885**	**267,978**

20) Information on environmental issues

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

Consequently, there have been no environmental investments during the period comprised between January 1 and June 30, 2022.

21) Related-party transactions

Company transactions with related parties from December 31, 2021 to June 30, 2022, as well as the nature of the relationship, were as follows:

Related Party	Nature of the relationship
Carlota Pi Amorós	Shareholder and Director
Ferran Nogué Collgròs	Shareholder and Director
Oriol Vila Grifoll	Shareholder and Director
Carles Leg Clos	Shareholder
Fondo Axon ICT III, FCR de Rég. Simplificado	Shareholder
Axon Capital e Inversiones	Shareholder and Director
Geroa Pentsioak	Shareholder and Director
Clidomer Unipessoal	Group company
MDR Inversiones, S.L.	Shareholder
Mediavideo B.V	Shareholder
Abacon Invest GmbH	Shareholder
Pelion Green Future Alpha GMBH	Shareholder
Clidom Solar, SL	Group company
Clidom France	Group company
Clidom Italia	Group company
Clidom Energía Ibérica, SL (formerly Bulb)	Group company
Holaluz Generación, SL	Group company
Clidom Generación, SL	Group company
Holaluz Rooftop Revolution, SL	Group company
Katae Energy, SL	Group company
Gestión Hidráulica Canarias SL	Group company

21.1Related entities

The breakdown of balances with related entities and group companies at June 30, 2022 and December 31, 2021 is as follows:

	June 30, 2022						
	CLIDOMER	CL. SOLAR	CL. ITALIA	CL. FRANCE	HL GENERACIÓN	ROOFTOP REVOLUTION	TOTAL
Non-current loans to group companies	-	5,825,000	35,000	20,000	25,000	-	5,905,000
Current loans to group companies	-	44,250	-	200	-	7,641,236	7,685,686
Trade receivables from group companies and associates	12,184,299	11,727,320	-	-	-	-	23,911,619
Payables to group companies and associates	-7,470,304	-151,945	-	-	-204,675	-147,832	-7,974,756
Suppliers, group companies	-5,614,770	-4,443,392	-	-	-	-	-10,058,162
Total	**-900,775**	**13,001,233**	**35,000**	**20,200**	**-179,675**	**7,493,404**	**19,469,387**

	December 31, 2021						
	CLIDOMER	**CL. SOLAR**	**CL. ITALIA**	**CL. FRANCE**	**HL GENERACIÓN**	**ROOFTOP REVOLUTION**	**TOTAL**
Non-current loans to group companies	450,000	3,025,000	60,000	20,000	25,000	-	3,580,000
Current loans to group companies	-	-	-	-	-	2,647,316	2,647,316
Trade receivables from group companies and associates	7,825,095	6,765,768	6,367	8,891	-	-	14,606,121
Payables to group companies and associates	-6,742,479	-	-	-			-6,742,479
Suppliers, group companies	-1,126,799	-534,555	-	-		-	-1,661,354
Total	**405,817**	**9,256,213**	**66,367**	**28,891**	**25,000**	**2,647,316**	**12,429,604**

At June 30, 2022 and June 30, 2021 transactions with group companies are as follows and are included under “Other operating income” in the income statement:

	June 30, 2022	**June 30, 2021**
Clidomer	100,000	-
Clidom Solar	302,601	1,800.00
Total	**402,601**	**1,800,000**

The “Other operating expenses” heading in the income statements includes the following amounts:

	June 30, 2022	**June 30, 2021**
Clidomer	50,000	-
Clidom Solar	61,065	-
Total	**111,065**	**-**

Transactions correspond to income and expenses from management fees. All transactions have been carried out on an arm's length basis.

At June 30, 2022 and 2021, transactions with group companies corresponding to interest on participation loans granted by the company to its subsidiaries, included in ‘Finance income from group companies’ in the income statement are as follows:

	June 30, 2022	**June 30, 2021**
Clidomer France	200	145
Clidomer	2,500	10,232
Clidom Solar	44,000	26,531
Total	**46,700**	**36,908**

21.2 Directors and senior executives

The remuneration earned by the members of the Board of Directors at June 30, 2022 amount to 457 thousand euros (322.5 thousand euros at June 30, 2021). Senior executive duties are carried out by the members of the Board of Directors.

At June 30, 2022 and 2021 the Company had no pension plans or life insurance policies for former or current members of the Board of Directors.

At June 30, 2022 and 2021, no advances or loans had been given to the members of senior management or the Board of Directors, nor had any guarantees been given on their behalf.

At June 30, 2022 director liability insurance premiums for damages arising in the performance of the Directors' duties have been paid for an amount of 17 thousand euros (23.7 thousand euros at June 30, 2021).

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

22) Other information

The total headcount by categories, and the breakdown of headcount by gender at year end, is as follows:

June 30, 2022

		Headcount		
Professional Category	**Average number of employees**	**Men**	**Women**	**Disabled employees >33%**
Management team	17	10	7	-
Middle management	62	42	20	1
Support personnel	93	54	39	1
Technicians	233	95	138	2
Total	**405**	**201**	**204**	**4**

December 31, 2021

		Headcount		
Professional Category	**Average number of employees**	**Men**	**Women**	**Disabled employees >33%**
Management team	18	10	8	-
Middle management	104	60	44	1
Support personnel	70	28	42	2
Technicians	104	45	59	1
Total	**296**	**143**	**153**	**4**

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

The fees accrued for the audit services provided by the Company's auditors for the limited review of the separate and consolidated financial statements at June 30, 2022 amount to 25 thousand euros (20 thousand euros at June 30, 2021).

Additionally, the fees accrued for other services provided by the auditors of the Company during the period comprised between January 1 and June 30, 2022 amounted to 31.5 thousand euros.

23) Subsequent events

Last Monday October 3, the Company informed BME Growth and its customers that it would be discontinuing the marketing of gas, an activity that started in November 2015 as a supplementary service for electricity customers -connected to 100% green energy- and that was a non-strategic line of business for the Company.

The reasons that led the Company to make this decision were:

1. The crisis of the current energy system: fossil fuels are responsible for most of the climate emergency and gas prices have skyrocketed due to the war. This crash in the energy system causes financial and economic frictions and many families will struggle next winter to pay their gas bills.

2. In this context, the Spanish Government is offering a gas tariff below market prices (Last Resort Tariff-LRT) that is accessible to almost all customers. The Company has decided to direct its customers to the regulated tariff, the price of which is set by the Government. This will allow their needs to be met in the best existing conditions.

3. Lastly, and most importantly, Holaluz offers a structural solution for the entire energy system: The Rooftop Revolution. By transforming every rooftop square meter into green energy, every building into a new green power station -not only for the family living below, the system will be able to supply green energy for everyone during the coming decades at a fraction of the current price.

Discontinuing the marketing of gas brings Holaluz closer to its foundational purpose and positions it as a top player in the solar industry. Additionally, it speeds up the impact goals set in its ESG policy. This decision will result in a dramatic reduction of the carbon footprint and accelerates Holaluz's commitment to decarbonization and the Paris Agreement goals.

Holaluz estimates that the end of the marketing of gas will have a negative impact on EBITDA[1] in 2022 of approximately 3.9 million euros. A negative impact of 6 million is expected in 2023 compared with the objectives published in April 2022. However, it is very probable that the rise in the price of gas has also resulted in higher default payments than expected.

A positive impact is also expected on the Company's working capital[2] of between 2 and 15 million euros, depending on seasonality. The funds released as a result of this decision will be redistributed to the solar business.

The number of current contracts with gas customers amounts to approximately 70,000 contracts. A non-monetary write-down of between 4.5 and 5 million euros regarding capitalized customer acquisition costs is expected.

[1] We define EBITDA as operating profit/(loss), plus depreciation and amortization, plus other gains/(losses), plus accruals of customer acquisition cost.

[2] We define working capital as current assets less short-term accruals less current liabilities.

AUTHORIZATION FOR ISSUE BY THE MANAGEMENT BODY OF THE INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2022

Pursuant to prevailing legislation, the Company's interim financial statements for the period comprised between December 31, 2021 and June 30, 2022 have been authorized for issue by the Directors of HOLALUZ-CLIDOM, S.A.

Additionally, the Directors hereby confirm that they have put their handwritten signature to the aforementioned documents by signing this single-sided page that accompanies the financial statements, which have been drawn up from page 1 to page 51.

Barcelona, October 18, 2022

Ms. Carlota Pi Amorós
Chair

Mr. Ferran Nogué Collgròs

Mr. Oriol Vila Grifoll

Axon Capital e Inversiones
Represented by
Mr. Alfonso J. de León Castillejo

Ms. Isabela Pérez Nivela

Mr. Enrique Tellado Nogueira

Geroa Pensioak
Represented by
Ms. Virginia Oregi Navarrete