TO BME GROWTH

Barcelona, 26 April 2023

In accordance with the provisions of article 17 of Regulation (EU) no. 596/2014 on market abuse and article 227 of the consolidated text of the Law on Market Securities and Investment Services, approved by Royal Legislative Decree 6/2023, of 17 March, and related provisions, as well as Circular 3/2020 of the BME Growth segment of BME MTF Equity, Holaluz-Clidom, S.A. ("Holaluz" or the "Company") hereby informs you of the following information:

OTHER RELEVANT INFORMATION

Attached to this document is an English translation of the individual annual accounts for the year ended 31 December 2022 as well as the management report.

For the audit report, please refer to the original Spanish version of the document.

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.

Carlota Pi Amorós
Chief Executive Officer
HOLALUZ-CLIDOM, S.A

HOLALUZ-CLIDOM, S.A.

Financial Statements
for the year ended
December 31, 2022

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

CONTENTS

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

ASSETS	NOTE	12/31/2022	12/31/2021
NON-CURRENT ASSETS		**90,432,236**	**68,059,300**
Intangible assets	**5**	**22,788,383**	**15,429,928**
Patents, licenses, trademarks et al.		1,111	1,306
Development costs		22,267,001	15,219,671
Software		130,879	208,951
Other intangible assets		389,392	-
Property, plant, and equipment	**6**	**1,410,005**	**671,462**
Land and buildings		549,854	299,402
Technical installations, machinery and other PP&E items		860,151	372,060
Investments in group companies and associates		**30,734,861**	**7,443,665**
Equity instruments	**8**	5,038,665	3,863,665
Loans to companies	9, 21	25,696,196	3,580,000
Financial investments	**9**	**5,005,767**	**2,671,027**
Derivatives	16	4,742,047	2,477,007
Other financial assets	9	263,720	194,020
Deferred tax assets	**18**	**12,116,658**	**18,488,819**
Accruals	**11**	**18,376,562**	**23,354,399**
CURRENT ASSETS		**184,325,057**	**220,671,579**
Inventories		**8,985,600**	**1,842,361**
Commercial inventories		7,805,294	173,672
Prepayments to suppliers		1,180,306	1,668,689
Trade and other receivables	**10**	**116,791,183**	**89,634,091**
Trade receivables		50,682,197	45,965,759
Trade receivables from group companies and associates	21	12,306,928	14,606,121
Other receivables		45,203,038	14,682,514
Receivables from employees		64,935	55,643
Current income tax assets	17	22,782	22,883
Other receivables from Public Administrations	17	8,511,303	14,301,171
Investments in group companies and associates		**2,476,594**	**2,647,316**
Loans to companies	9, 21	-	2,647,316
Other financial assets		2,476,594	-
Financial investments		**33,155,197**	**110,325,299**
Derivatives	15	30,388,848	103,528,159
Other financial assets	9	2,766,349	6,797,140
Accruals	**11**	**13,421,637**	**8,088,585**
Cash and cash equivalents	**12**	**9,494,846**	**8,133,927**
Cash		9,494,846	8,133,927
TOTAL ASSETS		**274,757,293**	**288,730,879**

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

EQUITY AND LIABILITIES	NOTE	12/31/2022	12/31/2021
EQUITY		**39,896,875**	**14,205,253**
Capital and reserves	**13**	**63,066,575**	**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		**8,049,216**	**-4,827,071**
Valuation adjustments		**-23,169,700**	**-40,812,106**
Hedging transactions	**16**	-23,169,700	-40,812,106
NON-CURRENT LIABILITIES		**35,922,720**	**47,577,694**
Payables	**14**	**35,922,720**	**47,577,694**
Bank borrowings	14	23,267,096	19,645,684
Derivatives	16	12,655,624	27,932,010
CURRENT LIABILITIES		**198,937,698**	**226,947,932**
Payables	**14**	**77,064,804**	**102,421,070**
Bank borrowings		40,604,261	26,257,077
Other financial liabilities		8,080,672	8,354,374
Derivatives	16	28,379,871	67,809,619
Payables to group companies and associates	**21**	**2,979,839**	**6,742,479**
Trade and other payables	**15**	**118,887,864**	**117,784,383**
Suppliers		58,725,015	101,708,009
Suppliers, group companies and associates	**21**	687,650	1,661,354
Other payables		55,353,629	11,619,795
Employee benefits payable		1,032,321	467,130
Current income tax liabilities	**18**	403,202	-
Other payables to Public Administrations	**18**	817,382	792,872
Customer advances		1,868,665	1,535,223
Accruals		**5,191**	**-**
TOTAL EQUITY AND LIABILITIES		**274,757,293**	**288,730,879**

HOLALUZ-CLIDOM, S.A.
INCOME STATEMENT FOR
THE YEAR ENDED DECEMBER 31, 2022 AND FOR THE YEAR
ENDED DECEMBER 31, 2021

	NOTE	12/31/2022	12/31/2021
Revenue	**19**	**864,096,626**	**564,590,423**
Sales		859,729,826	562,379,945
Rendering of services		4,366,800	2,210,478
Work performed by the entity and capitalized	**5.1**	**4,743,586**	**4,544,120**
Cost of sales	**19**	**-788,864,549**	**-533,117,553**
Consumption of goods		-784,615,287	-530,907,075
Work performed by third parties		-4,249,262	-2,210,478
Other operating income	**19**	**9,612,084**	**3,999,329**
Ancillary income		9,612,084	3,911,767
Grants related to income		-	87,562
Personnel expense	**19**	**-21,764,047**	**-12,838,061**
Wages, salaries et al.		-16,873,686	-9,942,008
Social security costs et al.		-4,890,361	-2,896,053
Other operating expenses		**-50,164,342**	**-29,935,547**
External services	**19**	-40,817,282	-27,039,632
Taxes		-60,262	647,939
Losses on, impairment of and change in trade provisions	**10.2**	-9,023,176	-3,443,854
Other current management expenses		-263,622	-100,000
Depreciation and amortization	**5,6,19**	**-5,798,539**	**-3,958,481**
Other gains and losses	**19**	**-186,468**	**-245,823**
Non-recurring expenses		-330,940	-245,823
Non-recurring income		144,472	-
OPERATING PROFIT/(LOSS)		**11,674,351**	**-6,961,593**
Finance income		**133,271**	**91,379**
From marketable securities and other financial instruments		1,059	-
Of group companies and associates	21	132,212	91,379
Finance costs		**-2,124,266**	**-756,200**
Third-party borrowings	**19**	-2,124,266	-756,200
Exchange gains (losses)		**-22,334**	**-**
FINANCE COST		**-2,013,329**	**-664,821**
PROFIT/(LOSS) BEFORE TAX		**9,661,022**	**-7,626,414**
Income tax	**18**	**-1,611,806**	**2,799,343**
PROFIT/(LOSS) FOR THE YEAR		**8,049,216**	**-4,827,071**

HOLALUZ-CLIDOM, S.A.
STATEMENT OF CHANGES IN EQUITY AT DECEMBER 31, 2022 AND DECEMBER 31, 2021
A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021

	Notes	12/31/2022	12/31/2021
PROFIT/(LOSS) FOR THE YEAR		**8,049,216**	**-4,827,071**
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY			
From cash flow hedges		-8,787,565	-112,593,893
Tax effect		2,196,891	28,148,473
TOTAL INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY		-6,590,674	-84,445,420
AMOUNTS TRANSFERRED TO INCOME STATEMENT			
From cash flow hedges		32,310,773	51,506,399
Tax effect		-8,077,693	-12,876,600
TOTAL AMOUNTS TRANSFERRED TO INCOME STATEMENT		24,233,080	38,629,799
TOTAL RECOGNIZED INCOME AND EXPENSES		**25,691,622**	**-50,642,692**

HOLALUZ-CLIDOM, S.A.
STATEMENT OF CHANGES IN EQUITY AT DECEMBER 31, 2022 AND DECEMBER 31, 2021

	Share capital	Share premium	Reserves	Treasury shares	Profit/(loss) for the year	Valuation adjustments	Total Equity
	(Note 13.1)	(Note 13.3)	(Note 13.2)	(Note 13.1)		(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	-	-	-	-	8,049,216	17,642,406	**25,691,622**
Transactions with the Sole Shareholder	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other transactions	-	-	-	-	-	-	-
Appropriation of prior-year profit/(loss)	**-**	**-**	**-4,827,071**	**-**	**4,827,071**	**-**	**-**
Balance at December 31, 2022	**656,662**	**61,772,144**	**-7,111,230**	**-300,217**	**8,049,216**	**-23,169,700**	**39,896,875**

	Share capital	Share premium	Reserves	Treasury shares	Profit/(loss) for the year	Valuation adjustments	Total Equity
	(Note 13.1)	(Note 13.2)	(Note 13.2)	(Note 13.2)	(Note 13.2)	(Note 16)	
Balance at December 31, 2020	**617,385**	**43,730,86**	**-1,680,341**	**-304,602**	**-603,818**	**5,003,515**	**46,763,005**
Total recognized income / expenses	-	-	-	-	-4,827,071	-45,815,621	**-50,624,692**
Transactions with the Sole Shareholder	**39,277**	**18,041,278**	**-**	**4,385**	**-**	**-**	**18,084,940**
Other transactions	39,277	18,041,278	-	4,385	-	-	18,084,940
Appropriation of prior-year profit/(loss)	**-**	**-**	**-603,818**	**-**	**603,818**	**-**	
Balance at December 31, 2021	**656,662**	**61,772,144**	**- 2,284,159**	**-300,217**	**- 4,827,071**	**-40,812,106**	**14,205,253**

HOLALUZ-CLIDOM, S.A.
CASH FLOW STATEMENT
AT DECEMBER 31, 2022 AND DECEMBER 31, 2021

	NOTE	12/31/2022	12/31/2021
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		**40,211,297**	**24,072,356**
Profit/(loss) before tax		**9,661,383**	**-7,626,414**
Adjustments to profit		**75,005,534**	**11,425,343**
Depreciation and amortization (+)		5,798,539	3,958,481
Impairment losses (+/-)		9,023,176	3,443,854
Changes in provisions (+/-)		-	-822,000
Finance income (-)		-133,271	-91,379
Finance costs (+)		2,124,266	756,201
Other income and expenses (-/+)		58,192,824	4,180,187
Change in working capital:		**-41,747,381**	**20,938,248**
Inventories (+/-)		-7,143,239	-1,147,848
Trade and other receivables (+/-)		-36,180,269	-61,882,355
Other current assets (+/-)		870,657	-3,897,902
Trade and other payables (+/-)		700,279	87,984,526
Other current liabilities (+/-)		5,191	-118,186
Other cash flows from/(used in) operating activities		**-2,708,239**	**-664,821**
Interest paid (-)		-2,124,266	-756,200
Interest received (+)		133,272	91,379
Income tax receipts (payments) (+/-)		-717,245	-
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**-52,782,645**	**-105,732,406**
Payments on investments (-):		**-52,782,645**	**-105,732,406**
Group companies and associates		-23,120,473	-6,582,492
Intangible assets	5	-12,906,162	-9,031,543
Property, plant and equipment	6	-989,374	-179,635
Other financial assets		-	-70,763,482
Other assets		-15,766,636	-19,175,254
CASH FLOWS FROM FINANCING ACTIVITIES		**13,932,267**	**56,189,849**
Proceeds from and payments on equity instruments		**-**	**18,084,940**
Issuance of equity instruments (+)		-	18,080,555
Disposal of own equity instruments (+)		-	4,385
Proceeds from and payments on financial liabilities:		**13,932,267**	**38,104,909**
Issues:		22,702,208	38,632,796
Bank borrowings (+)		22,702,208	23,535,956
Payables to group companies and associates (+)		-	6,742,479
Other payables		-	8,354,361
Repayment and redemption of:		-8,769,941	-527,887
Bank borrowings (-)		-4,733,612	-527,887
Payables to group companies and associates (-)		-3,762,640	-
Other payables		-273,689	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**1,360,919**	**-25,470,201**
Cash and cash equivalents at the beginning of the period	12	8,133,927	33,604,128
Cash and cash equivalents at the end of the period	12	9,494,846	8,133,927

NOTES
FOR THE YEAR ENDED
December 31, 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 13), and shares were admitted to trading on the MAB-EE on that same date.

2. Basis of presentation of the financial statements

The Company's financial statements at December 31, 2022 were authorized for issue by the Company's Directors on March 29, 2023 and will be submitted for approval by the shareholders in the 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 Group's financial statements at December 31, 2022 were authorized for issue on March 29, 2023.

Since November 2019 the Company shares have been traded on BME Growth (formerly MAB); Growth Company Segment (see Note 13).

a) True and fair view

The financial statements at December 31, 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 financial statements give a true and fair view of the Company's equity and financial position at December 31, 2022, as well as the results of its operations, changes in equity and cash flows for the period between January 1 and December 31, 2022 and have been prepared from the Company's accounting records.

b) Going concern principle

At December 31, 2022, the Company showed negative working capital amounting to 14,613 thousand euros (negative working capital amounting to 6,276 thousand euros at December 31, 2021). However, the Company has undrawn credit and other financing facilities amounting to 16,183 thousand euros at December 31, 2022. This situation, together with cash projections for the year 2023, which also consider the materialization in the short term of the PPAs (purchase of electricity at a fixed price that are not recorded in the balance sheet in accordance with prevailing regulations), which at year end were valued at 53,411 thousand euros, allows the Company's Board of Directors to prepare the financial statements under the going concern principle.

c) Comparison of information

In accordance with prevailing mercantile legislation, for comparative purposes the Company has included the figures for 2021 in addition to those of the current year for each item of the balance sheet, 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.

d) Accounting principles

The financial statements at December 31, 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.

e) Critical issues concerning the assessment of uncertainty

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

The accompanying 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 4e).

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

- 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 financial statements at December 31, 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 financial statements at December 31, 2022 has been considered.

g) 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 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 shut offs 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 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 electro-intensive industry, and revising the special regime (RECORE), among others. All these measures are aimed at mitigating the rise in the prices of electricity and natural gas caused by the war in Ukraine.

Another measure to mitigate the rise in prices has been the one approved through 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. Appropriation of profit/(loss)

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

Proposed appropriation at December 31, 2022	**Euros**
Profit and Loss: Profit	**8,049,216**
Total	**8,049,216**
Appropriation to:	
Reserves	8,041,361
Legal reserve	7,855
Total	**8,049,216**

The proposed appropriation of the profit/(loss) for the year 2021 approved by the shareholders in general meeting:

Proposed appropriation at December 31, 2021	**Euros**
Profit and Loss: Loss	**(4,827,071)**
Total	**(4,827,071)**
Appropriation to:	
Prior- year losses	(4,827,071)
Total	(4,827,071)

Limitations on the distribution of dividends

Once the legal and company bylaw requirements have been met, dividends may only be distributed against profit for the year or freely distributable reserves, if the value of equity is not lower than share capital or would not become lower than share capital as a result of distributing dividends. Accordingly, profit recognized directly in equity cannot be directly or indirectly distributed.

4. Recognition and measurement accounting policies

The main recognition and measurement accounting policies applied in the preparation of the financial statements for the year ended December 31, 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	
	12.31.2022	12.31.2021
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 be 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

Recognition and measurement

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:

    - o 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).

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

    - o 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.

    - o 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:

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

    - o 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 canceling 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 the financial statements at December 31, 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 10 years (until 2032) that meet the required conditions.

g) Income tax

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

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 December 31, 2022 amount to 12.12 million euros (18.5 million euros at December 31, 2021), of which 7.72 million euros correspond to 25% of adjustments for changes in value of derivatives, recorded in equity and to be materialized next year, that mature subsequent to year end. In summary, accumulated tax loss carryforwards and other temporary differences amount to 4.4 million euros at December 31, 2022.

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 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 financial statements for the year ended December 31, 2022 include provisions when the Company considers that it will more likely than not have to settle related obligations. Provisions are measured at the present value of the best possible estimate of the amount needed to cancel or transfer the obligation to a third party. Contingent liabilities are not recognized in the 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. At each year end Management assesses the period and makes the corresponding amendments prospectively, where appropriate. Before they were accrued over a period of 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 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 a 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.

r) Inventories

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

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

5) Intangible assets

At December 31, 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 December 31, 2022
Industrial property	15,950	-	-	-	15,950
Development costs	24,781,745	12,501,183	-	-	37,282,928
Software	1,273,259	7,500	-	-	1,280,759
Other intangible assets	-	397,479	-	-	397,479
Total	**26,070,954**	**12,906,162**	**-**	**-**	**38,977,116**
Accumulated amortization					
Industrial property	-14,644	-195	-	-	-14,839
Development costs	-9,562,075	-5,453,853	-	-	-15,015,928
Software	-1,064,307	-85,572	-	-	-1,149,879
Other intangible assets	-	-8,087			-8,087
Total	**-10,641,026**	**-5,547,707**	**-**	**-**	**-16,188,733**
NET TOTAL	**15,429,928**				**22,788,383**

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 December 31, 2022 include the capitalization of work performed by the Company and capitalized for an amount of 4,743,586 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 monthly fixed fees) that the Company has been carrying out since the beginning of the financial year 2021. This project also includes developments by external technology consulting firms amounting to 7,757,597 euros at December 31, 2022 (4,349,485 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 solar 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 facility, 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 12.31.2022	Balance at 12.31.2021
Development costs and Software	4,486,908	1,539,894
Industrial property	14,000	14,000
Total	**4,500,908**	**1,553,894**

At December 31, 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 December 31, 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 December 31, 2022
Data processing equipment	635,236	561,831	-	-	1,197,067
Installations	489,600	357,168	-	-	846,768
Furniture and office equipment	131,349	70,377	-	-	201,726
Total	**1,256,185**	**989,376**	**-**	**-**	**2,245,561**
Accumulated depreciation					
Data processing equipment	-372,719	-170,274	-	-	-542,993
Installations	-175,810	-63,005	-	-	-238,815
Furniture and office equipment	-36,195	-17,553	-	-	-53,748
Total	**-584,724**	**-250,832**	**-**	**-**	**-835,556**
NET TOTAL	**671,461**	**738,544**	**-**	**-**	**1,410,005**

	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**	**-153,312**	**-**	**-**	**-584,724**
NET TOTAL	**645,138**	**26,324**	**-**	**-**	**671,461**

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 12.31.2022	Balance at 12.31.2021
Data processing equipment	304,082	186,462
Furniture and other property, plant and equipment items	2,757	2,757
Total	**306,839**	**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 December 31, 2022 and December 31, 2021 these potential risks were fully covered by the insurance.

At December 31, 2022 and December 31, 2021 there are no property, plant and equipment items 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 in the financial statements at December 31, 2022 compared to the financial statements at December 31, 2021 are as follows:

Description	Balance at 12.31.2022	Balance at 12.31.2021
Lease expenses	516,789	493,055
Total	**519,789**	**493,055**

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 12.31.2022	Balance at 12.31.2021
Within one year	906,380	481,620
Between one and five years	1,606,730	933,985
More than five years	-	-
Total	**2,513,110**	**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 2021 were as follows:

	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Equity instruments	42,000	3,821,665	-	3,863,665
TOTAL	**42,000**	**3,821,665**	**-**	**3,863,665**

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") for an amount of 3,821,665 euros.

The breakdown and movements in 2022 are as follows:

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

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 were increased by 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. Subsequent to 2022 year end, at the date these financial statements were authorized for issue, the Company's Board of Directors resolved to carry out a capital increase amounting to 2.05 million euros for the subsidiary Clidomer, which have already been paid in.

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 December 31, 2022 is as follows:

	Net carrying amount	% Direct ownership	% Indirect ownership	Share capital	Reserves	Other contributions	Retained earnings	Net profit/(loss) 12.31.2022	Total equity
Clidomer Unipessoal	1,160,000	100%	-	1,160,000	-	-	-1,139,706	-2,044,809	-2,024,515
Clidom France	10,000	100%	-	10,000	-	-	-28,834	-2,651	-21,485
Holaluz Generación	3,000	100%	-	3,000	-	-	-2,744	-3,149	-2,893
Clidom Solar	3,000	100%	-	3,000	-	-	-5,761,392	-9,633,809	-15,392,201
Clidom Italia	35,000	100%	-	10,000	-	-	13,356	-6,261	17,095
Clidom Generación	3,000	100%	-	3,000	-	-	-1,160	-41	1,799
Rooftop Revolution	3,000	-	100%	3,000	-	-	33,854	44,290	81,144
Katae Energía	-	-	100%	3,010	37,317	-	-	-479,151	-438,824
Gestión Hidráulica Canarias	-	-	100%	3,000	35,025	-	61,182	-69,748	29,459
Clidom Energía Ibérica	3,821,665	100%	-	3,000	-	180,659	4,301,511	-1,630,993	2,854,177
Total	**5,038,665**			**1,201,010**	**72,342**	**180,659**	**-2,523,933**	**-13,826,322**	**-14,896,244**

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, via Gabba Fratelli, 4. Its corporate purpose consists in the sale of electricity, gas and other energy products. At the date the financial statements at December 31, 2022 were prepared, the company is dormant.

Clidom France, SARL is a limited liability company domiciled in Paris at Avenue de l'Opera 14.

Its corporate purpose consists in the sale of gas, electricity and other energy products in France. At the date the financial statements at December 31, 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 within 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, 2022 were prepared, the company is dormant.

Clidom Energía Ibérica, S.L. (formerly Bulb Energía Ibérica, S.L. Unipersonal) is an electricity marketer focused on households and small- and medium-sized enterprises in Spain which had approximately 23,000 customers at December 2021, the date it was acquired by Holaluz. During 2023 Bulb customers were transferred to Holaluz, which left the subsidiary without customers at 2022 year end.

Accumulated losses by Clidom Solar and Katae 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.

9) Current and non-current financial investments

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 December 31, 2022**	**Balance at December 31, 2021**
Loans to group companies and associates	25,696,196	3,580,000
Other financial assets	263,720	194,020
TOTAL	**25,959,916**	**3,774,020**

Loans to group companies and associates

This caption includes the collection rights 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 December 31, 2022, which corresponds to the total amount of loans granted up to that date and pending transfer to the finance company, totals 7.78M euros (2.64M euros at December 31, 2021).

At December 31, 2021 the Company had recorded these loans as current. Since the company Holaluz Rooftop Revolution, SL can repay these loans within a period of 15 years, they have been reclassified as current.

Up to the current date, the parent company has granted participation loans to the subsidiary Clidom Solar for an overall amount of 17.8 million euros to remedy the negative shareholders' equity of the said company.

The rest of the balance is detailed in Note 21.

Other financial assets

This heading substantially corresponds to the deposit given as a lease guarantee on the offices rental maturing in 2024 (149 thousand euros at December 31, 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.

Derivatives

The "Derivatives" balance at December 31, 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 December 31, 2022**	**Balance at December 31, 2021**
Loans to group companies and associates	-	2,647,316
Other financial assets	2,766,349	6,797,140
TOTAL	**2,766,349**	**9,444,456**

Derivatives

The "Derivatives" balance at December 31, 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.

10) Trade and other receivables

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

	December 31, 2022	December 31, 2021
Trade and other receivables		
Trade receivables	50,682,197	45,965,759
Trade receivables from group companies and associates	12,306,928	14,606,121
Other receivables	45,203,038	14,682,514
Receivables from employees	64,935	55,643
Current income tax assets	22,782	22,883
Other receivables from Public Administrations	8,511,303	14,301,171
TOTAL	**116,791,183**	**89,634,091**

At December 31, 2022, the balances related to electricity and gas sales pending invoice included in 'Trade receivables' amount to 34.0 million euros (33.6 million euros at December 31, 2021) and correspond to energy supplied during December, which is invoiced to customers during the first working days of the following month (in this case, January 2023). 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.

Other receivables mainly correspond to the outstanding settlements of derivatives (38,412 thousand euros) and balances pending collection from generating plants for the electricity representation business (166 thousand euros).

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:

	December 31, 2022	December 31, 2021
Impairment losses due to credit risk		
Opening impairment losses	-5,574,343	-3,971,123
Impairment losses	-9,283,279	-3,443,854
Derecognition and reductions	-	1,840,634
Total	**-14,857,622**	**-5,574,343**

11) Accruals

Current and non-current accruals include customer acquisition costs. The movement for the year is as follows:

Non-current	Balance at December 31, 2021	Additions	Accruals income statement	Transfers	Balance at December 31, 2022
Customer acquisition costs	23,354,399	15,766,636	(9,825,264)	(10,919,209)	18,376,562
Total	**23,354,399**	**15,766,636**	**(9,825,264)**	**(10,919,209)**	**18,376,562**
Current					
Customer acquisition costs	4,715,499	-	(4,715,499)	10,919,209	10,919,209
Total	**4,715,499**	**-**	**(4,715,499)**	**10,919,209**	**10,919,209**
TOTAL	**28,069,898**	**15,766,636**	**(14,540,763)**	**-**	**29,295,771**

Accruals

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

- Sales commissions for an amount of 1,656 thousand euros (1,565 thousand euros at December 31, 2021) for annual customer contracts.
- Insurance premiums amounting to 206 thousand euros (162 thousand euros at December 31, 2021).
- Advertising costs for campaigns not launched amounting to 641 thousand euros (914 thousand euros at December 31, 2021).

12) Cash and cash equivalents

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

	December 31, 2022	December 31, 2021
Cash and cash equivalents		
Cash	972	841
Demand current accounts	9,493,874	8,133,086
Total	**9,494,846**	**8,133,927**

Current accounts earn market interest rates.

Cash and cash equivalents are unrestricted.

13) Equity

13.1 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.

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

On December 10, 2021 the 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 was 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 these transactions, since December 2021 the Company's share capital has amounted to 656,661.57 euros, fully subscribed and paid in, and consists of 21,888,719 ordinary shares with a par value of 0.03 euros each. There have been no changes in 2022.

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:

	December 31, 2022	December 31, 2021
Axon Capital e Inversiones	16.81%	16.81%

13.2 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 December 31, 2022 the legal reserve was funded by 18.80%.

13.3 Reserves and share premium

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

13.4 Transactions with treasury shares

Treasury shares at December 31, 2022 account for 0.18% of the Company's share capital (0.18% at December 31, 2021) and amount to 61,226 shares (38,396 shares at December 31, 2021), at an average acquisition price of 9.66 euros per share (7.81 euros at December 31, 2021).

14) Non-current and current payables

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

	Bank borrowings		Other items	
	Balance at December 31, 2022	**Balance at December 31, 2021**	**Balance at December 31, 2022**	**Balance at December 31, 2021**
Financial liabilities at amortized cost	23,267,096	19,645,684	-	-
TOTAL	**23,267,096**	**19,645,684**	**-**	**-**

During 2022 a new loan has been taken out with the Catalan Institute of Finance for an amount of 2.0 million euros maturing in the long term, with a grace period until July 2023.

During May 2021 the conditions of the ICO loans granted by several financial entities during 2020 for the amount of 11.5M euros were renegotiated, extending the corresponding grace periods until the first quarter 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 December 31, 2022	Balance at December 31, 2021	Balance at December 31, 2022	Balance at December 31, 2021
Financial liabilities at amortized cost	40,604,261	26,257,077	8,080,672	8,354,374
TOTAL	**40,604,261**	**26,257,077**	**8,080,672**	**8,354,374**

During 2022 10 loans have been taken out for an overall amount of 4.75 million euros maturing in the short term with Bankinter and Banco Santander. At the date these financial statements are signed, 3.8 million euros and 0.9 million euros that matured in January 2023 have already been repaid.

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 15.1). Most of these borrowings at December 31, 2022 correspond to BBVA, Cajamar and Banca March.

This heading also includes 13M euros corresponding to SEPA financing carried out at December 31 that at the date these financial statements are signed has been fully settled.

Green Promissory Note Program (Programa Pagarés Verdes)

On November 21, 2022 BME's Fixed-Income Market (MARF) registered the first Green Promissory Note Program of Holaluz-Clidom, SA for a maximum amount of 100 million euros. Through this program, the Company expects to have flexible access to qualified investors over the next twelve months, within a strategy to diversify its funding sources. Holaluz has structured the promissory notes issued under these Green Promissory Note Program so that they are considered a green instrument in accordance with the Holaluz Green Finance Framework, whereby the company can issue notes and promissory notes in accordance with the Green Bond Principles 2021 and take out financing agreements in accordance with the Green Loan Principles 2021 of the International Capital Markets Association (ICMA). To that end, Holaluz has obtained a favorable opinion from Sustainalytics, which confirms that the Holaluz Green Finance Framework is aligned with the four core ideas integrating both Principles. Of the 8.1 million euros classified as "Other items", 6.5 million euros correspond to the promissory notes issued on MARF.

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 December 31, 2022 and December 31, 2021, is as follows:

December 31, 2022	**2023**	**2024**	**2025**	**2026**	**Subsequent years**	**TOTAL**
Bank loans	4,627,928	5,018,674	4,603,608	2,372,459	571,825	17,194,494
TOTAL	**4,627,928**	**5,018,674**	**4,603,608**	**2,372,459**	**571,825**	17,194,494

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:

December 31, 2022			
	Limit (*)	**Current**	**Non-current**
Bank loans	22,390,744	4,627,928	12,566,566
Credit facilities	25,950,000	4,830,124	10,700,530
Factoring, reverse factoring and funded payments	23,770,000	18,045,743	-
Bills discounted	13,000,000	12,999,500	-
Credit cards	139,900	100,966	-
TOTAL	**85,250,644**	**40,604,261**	**23,267,096**

(*) 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 between December 31, 2021 and December 31, 2022 the Company has reduced the limit available on its net bank borrowings by 2.6 million euros. Short-term financing has increased through new factoring facilities, and current loans for paying taxes have been repaid. Of the 26.0 million euros of the limit available on credit facilities at December 31, 2022, 20.6 million euros mature in the long term, as they are ICO lines granted in 2020 and 2021 under a program launched by the Spanish Government to mitigate the effects of Covid on Spanish companies.

Additionally, the Company has lines of security interests and guarantees that have been granted by several financial institutions for an overall amount of 41.3 million euros and drawn down for an amount of 34.3 million euros (19.3 million 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 is on average Euribor + 1.9% (between 1.1% and 2.6% at December 31, 2021).

15) Trade and other payables

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

Financial liabilities at amortized cost	December 31, 2022	December 31, 2021
Trade and other payables		
Suppliers	58,725,015	101,708,009
Suppliers, group companies and associates	687,650	1,661,354
Other payables	55,353,629	11,619,795
Employee benefits payable	1,032,321	467,130
Current income tax liabilities	403,202	-
Other payables to Public Administrations	817,382	792,872
Customer advances	1,868,665	1,535,223
TOTAL	**118,887,864**	**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 December 31, 2022 the balances for invoices pending receipt corresponding to supplied electricity included under “Suppliers” amount to 24.6 million euros (40.6 million euros at December 31, 2021), of which 15.6 million euros correspond to invoices pending receipt from the plants (34.6 million euros at December 31, 2021), 6.3 million euros to invoices pending receipt from distributors (3.8 million euros at December 31, 2021) and 2.0 million euros to invoices pending receipt from REE (corporation operating the Spanish electricity grid).

14.1 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:

	2022	2021
(Days)		
Average payment period to suppliers	51	23
Ratio of transactions paid	55	26
Ratio of transactions outstanding	22	8
(Thousands of euros)		
Total payments made	829,681,83 1	610,689,79 3
Total payments outstanding	114,766,29 5	115,075,88 5
Monetary volume of invoices paid by the deadline established in late payment regulations	897,225,72 0	693,856,63 1
Percentage of payments made by the established deadline over total payments	95%	96%
(Number of invoices)		
Invoices paid by the deadline established in late payment regulations	3,003,914	3,405,197
Percentage over total number of invoices	77%	94%

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 December 31, 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 December 31, 2022 are as follows:

				Fair value	
Description of the hedge	**Type**	**Entity**	**Underlying**	**Asset**	**Liability**
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	OTCCAL23	Investment entity	MWh	1,974,060	(8,196,122)
Over the counter	OTCQ1-23	Investment entity	MWh	6,450	(6,993,957)
Over the counter	OTCJAM23	Investment entity	MWh		(669,834)
Over the counter	OTCFEB23	Investment entity	MWh	-	(11,254)
Over the counter	OTCMAR23	Investment entity	MWh	-	(61,165)
Over the counter	OTCQ2-23	Investment entity	MWh	145,237	-
Over the counter	OTCQ3-23	Investment entity	MWh	-	(27,081)
Over the counter	OTCQ4 -23	Investment entity	MWh	-	(11,772)
Over the counter	OTCCAL24	Investment entity	MWh	752,955	-
Over the counter	OTCQ124	Investment entity	MWh	-	(71,811)
Power Purchases Agreement	CAL20_26	Investment entity	MWh	7,259,369	-
Total				**10,138,397**	**(41,031,330)**
Net					**(30,892,933)**

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

				Fair value	
Description of the hedge	**Type**	**Entity**	**Underlying**	**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 December 31, 2022 total -30.9 million euros (-54.4 million euros at December 31, 2021) and have been recorded as follows:

	December 31, 2022	December 31, 2021
Derivatives		
NC derivative assets	4,742,047	2,477,007
C derivative assets	30,388,848	103,528,159
NC derivative liabilities	(12,655,624)	(27,932,010)
C derivative liabilities	(28,379,871)	(67,809,619)
TOTAL	**(5,904,600)**	**10,263,537**

Additionally, at December 31, 2022 the Company's cash account includes -25.0 million euros corresponding to hedging instruments settled before maturity (-64.7 million euros at December 31, 2021).

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

	December 31, 2022	December 31, 2021
Amount recognized in equity - Profit / (loss)	(23,169,700)	(40,812,106)
Amount recorded directly in income statement - Profit / (loss)	(51,615,496)	29,974,237
Total	**(74,785,196)**	**(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:

	December 31, 2022	December 31, 2021
Not due	22,033,016	30,162,565
Past due, not impaired		
Less than 30 days	6,059,786	5,874,620
30 – 60 days	1,454,745	429,445
More than 60 days	21,134,650	9,499,129
	50,682,197	**45,965,759**
Doubtful receivables	14,857,622	5,574,323
Impairment losses	(14,857,622)	(5,574,323)
Total	**50,682,197**	**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 15).

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 December 31, 2022 and December 31, 2021 is as follows:

	December 31, 2022			
	Debit balances		Credit balances	
	Non-current	Current	Non-current	Current
Value added tax	-	8,398,964	-	-
Canary Islands general indirect tax	-	112,339	-	-
Current income tax assets	-	22,782	-	-
Deferred tax assets	12,116,658	-	-	-
Current income tax liabilities	-	-	-	403,202
Electricity tax	-	-	-	(89,693)
Gas tax	-	-	-	18,954
Personal income tax	-	-	-	312,824
Social security agencies	-	-	-	575,297
Total	**12,116,658**	**8,534,085**	**-**	**1,220,584**

At the closing date of these 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).

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

	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:

	12.31.2022		**12.31.2021**	
	Tax accrued	**Tax payable**	**Tax accrued**	**Tax payable**
Profit/(loss) before income tax	9,661,022	9,661,022	(7,626,414)	(7,626,414)
Adjustments to profit/(loss)				
Permanent differences	2,863,769	2,863,769	792,912	792,912
Temporary differences				
Tax result	**12,524,791**	**12,524,791**	**(6,833,501)**	**(6,833,501)**
Total tax liability (25% of tax result)	3,131,198	3,131,198	(1,708,375)	(1,708,375)
Deductions	(1,519,392)	(1,227,951)	(1,090,968)	-
Net tax payable	**1,611,806**	**1,903,246**	**(2,799,343)**	**-**
Withholdings and payments on account	-	(717,245)	-	(14,042)
Utilization of tax loss carryforwards	-	(782,799)	-	-
Income tax expense / Income tax refund	**1,611,806**	**403,202**	**(2,799,343)**	**(14,042)**

Deferred tax assets recorded

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

	12.31.2022		12.31.2021	
Item	**Amount**	**Maturity**	**Amount**	**Maturity**
Tax credits related to unused tax loss carryforwards	1,330,366	-	2,113,165	-
Arisen in 2021	1,330,366	-	2,113,165	-
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	11,089	2036	282,991	2036
2019-20 deduction for IT	384,843	2034	384,843	2034
4Q 2020 deduction for IT	100,832	2038	100,832	2038
2021 deduction for IT	1,066,153	2039	1,066,153	2039
2022 deduction for IT	1,500,142	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	-	2032	-	-
Temporary differences				
2013-19 Amortization (25%)	-	2025-33	408	2025-33
Hedging transactions	7,723,233	-	13,604,035	-
Total	**12,116,658**		**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 ten fiscal years (period for which it considers the estimates to be reliable) based on budgets. 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 financial statements for the year ended December 31, 2022.

19) Income and expenses

19.1 Revenue

The distribution of revenue by activity category is as follows:

Activities	December 31, 2022	December 31, 2021
Marketing of electricity	427,473,937	277,115,187
Marketing of gas	37,671,855	19,818,038
Representation of electricity	394,702,123	265,446,719
Income from installations	4,248,711	2,210,478
Total	**864,096,626**	**564,590,423**

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	December 31, 2022	December 31, 2021
Purchases of electricity from the market	-361,923,345	-250,956,231
Purchases of gas from the market	-22,324,247	-17,769,973
Purchases of electricity for representation	-405,203,388	-270,112,413
Cost of financial derivatives	4,835,141	7,931,542
Cost for installations	-4,248,710	-2,210,478
Total	**-788,864,549**	**-533,117,553**

All purchases are made in the Spanish market.

19.3 Other operating income.

At December 31, 2022 and 2021 the breakdown of 'Ancillary income' is as follows:

Other operating income	December 31, 2022	December 31, 2021
Rendering of services to group companies	9,461,310	3,800,000
Income from services to personnel	150,774	111,767
Grants, donations and bequests received	-	87,562
Total	**9,612,084**	**3,999,329**

19.4 Personnel costs

The breakdown of this heading in the financial statements at December 31, 2022 is as follows:

	December 31, 2022	December 31, 2021
Wages and salaries	16,871,045	9,775,604
Social Security paid by the company	4,574,656	2,732,807
Termination benefits	2,641	166,404
Other employee welfare expenses	315,705	163,246
Total	**21,764,047**	**12,838,061**

19.5 External services

The breakdown of this heading in the financial statements at December 31, 2022 is as follows:

	December 31, 2022	December 31, 2021
Leases	516,789	493,055
Repairs and maintenance	1,650,629	1,011,613
Independent professional services	14,976,906	10,080,249
Insurance premiums	454,730	399,091
Bank services	888,465	735,716
Publicity, advertising and public relations	18,115,667	11,772,283
Utilities	1,840,277	836,941
Other services	2,373,819	1,710,684
Total	**40,817,282**	**27,039,632**

At December 31, 2022 the ‘Publicity, advertising and public relations’ heading includes 14.5 million euros corresponding to accruals of customer acquisition costs (5.2 million euros at December 31, 2021).

19.6 Depreciation and amortization

The breakdown of this heading in the financial statements at December 31, 2022 is as follows:

	December 31, 2022	December 31, 2021
Property, plant and equipment	250,832	153,311
Intangible assets	5,547,707	3,805,170
Total	**5,798,539**	**3,958,481**

19.7 Other gains and losses

The breakdown of this heading in the financial statements at December 31, 2022 is as follows:

	December 31, 2022	December 31, 2021
Non-recurring expenses	330,940	268,666
(Non-recurring income)	(144,472)	(22,843)
Total	**186,468**	**245,823**

These balances mainly include fines and penalties.

19.8 Finance costs

The breakdown of this heading in the financial statements at December 31, 2022 is as follows:

	December 31, 2022	December 31, 2021
Interest on ordinary loans, overdrafts, confirmings, etc.	1,502,945	358,577
Interest on discounted bills at other financial institutions	334,463	63,163
Other finance costs	286,858	334,460
Total	**2,124,266**	**756,200**

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 between January 1 and December 31, 2022.

21) Related-party transactions

Company transactions with related parties from December 31, 2021 to December 31, 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
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
Clidom Energía Ibérica, SL	Group company

21.1 Related entities

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

	December 31, 2022								
	CLIDOMER	**CL. SOLAR**	**CL. ITALIA**	**CL. FRANCE**	**HL GENERAC.**	**ROOFTOP REVOL.**	**GHC**	**CL. ENERGÍA IBÉRICA**	**TOTAL**
Non-current loans to group companies	-	17,825,000	35,000	20,000	30,000	7,786,196	-	-	25,696,196
Trade receivables from group companies and associates	-	12,306,528	-	-	-	-	400	-	12,306,928
Current payables to group companies and associates	-	-87,424	-	-	€ -503,410	€ -92,772	-	-2,296,233	-2,979,839
Suppliers, group companies	-337,179	-350,471	-	-	-	-	-	-	-687,650
Total	**-337,179**	**29,693,633**	**35,000**	**20,000**	**-473,410**	**7,693,424**	**400**	**-2,296,233**	**34,335,635**

	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
Current 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 December 31, 2022 and December 31, 2021 transactions with group companies are as follows and are included under "Other operating income" in the income statement:

	December 31, 2022	**December 31, 2021**
Clidomer	200,000	200,000
Clidom Solar	9,261,311	3,600,000
Total	**9,461,311**	**3,800,000**

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

	December 31, 2022	**December 31, 2021**
Clidomer	100,000	100,000
Clidom Solar	163,622	-
Total	**263,622**	**100,000**

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

At December 31, 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:

	December 31, 2022	December 31, 2021
Clidomer France	400	-
Clidomer	2,250	26,723
Clidom Solar	129,562	64,656
Total	**132,212**	**91,379**

21.2 Directors and senior executives

The remuneration earned by the members of the Board of Directors at December 31, 2022 amounts to 902.8 thousand euros (631.5 thousand euros at December 31, 2021). Senior executive duties are carried out by the members of the Board of Directors.

At December 31, 2022 and 2021 the Company had no pension plans or life insurance policies for former or current members of the Board of Directors.

At December 31, 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 December 31, 2022 director liability insurance premiums for damages arising in the performance of director duties have been paid for an amount of 17 thousand euros (16.7 thousand euros at December 31, 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:

December 31, 2022

		Headcount		
Professional Category	**Average number of employees**	**Men**	**Women**	**Disabled employees >33%**
Management team	59	37	22	-
Middle managers and qualified technicians	324	153	171	3
Operations, sales and administrative staff	137	60	77	2
Total	**520**	**250**	**270**	**5**

December 31, 2021

Professional Category	Average number of employees	Headcount		
		Men	Women	Disabled employee s >33%
Management team	20	11	9	-
Middle managers and qualified technicians	171	98	73	2
Operations, sales and administrative staff	105	35	70	2
Total	**296**	**144**	**152**	**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 auditors of the Company for the year ended December 31, 2022 have amounted to 90 thousand euros (77 thousand euros at December 31, 2021).

Additionally, the fees accrued for other services provided by the auditors of the Company in the year ended December 31, 2022 amounted to 69.5 thousand euros (45 thousand euros at December 31, 2021).

23) Subsequent events

No relevant subsequent events have occurred from the balance sheet date until the date these financial statements were authorized for issue.

AUTHORIZATION FOR ISSUE BY THE MANAGEMENT BODY OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED December 31, 2022

Pursuant to prevailing legislation, the Company's financial statements for the period between December 31, 2021 and December 31, 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 53.

Barcelona, March 29, 2023

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
Mr. Jordan Saenz

HOLALUZ - CLIDOM, S.A.
Management Report for the year ended December 31, 2022

Management Report

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

HOLALUZ - CLIDOM, S.A.
Management Report for the year ended December 31, 2022

BUSINESS PERFORMANCE AND COMPANY PERFORMANCE

Holaluz is an **energy transition** technology company born with the conviction of being a tool for global change and the purpose of **achieving a world that runs 100% thanks to green energy.**

From a unique strategy of two businesses - installation of solar panels and energy management - and with the vision of creating the **largest green energy community in Southern Europe**, Holaluz builds a green ecosystem in homes by transforming m2 of rooftops into 100% renewable electricity producers and optimising the efficiency of its installations through flexible assets such as EV chargers and batteries. This solution improves the efficiency of the entire electricity system through the coupling of production and consumption curves in a context of high renewable penetration, offering the owners of solar panel installations the possibility of producing, consuming, storing and selling their own green energy in a flexible way.

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

Holaluz's obsession is to put customers at the forefront of all its decisions, building a relationship of mutual trust. The company focuses on providing the best experience to its customers and offering them a saving thanks to technology and intensive use of data. Examples of this strategy are the use of artificial intelligence to speed up the implementation of customer-focused solutions and the optimisation of solar surpluses to offer customers bigger savings.

The company operates in Spain and has operating licences in several countries, such as Portugal. Most suppliers producing renewable electric power are located in Spain.

Social impact - ESG

Holaluz was born ESG. It is a leader in the transformation of the Spanish energy sector, generating shared value for our stakeholders, meeting their needs and expectations, with the aim of maximising its positive impact on society and the environment.

As a result of this policy and organisational culture, in 2018 Holaluz was the first European electricity company to be awarded the **BCorp** certification, which works to transform the system in favour of a fairer and more inclusive and regenerative economy.

Additionally, in January 2023, Holaluz **ranked no.1 in Sustainalytics's global ESG risk ranking** in the category *Independent Power Production and Traders.*

Holaluz team

Holaluz strongly believes that **it is the people who make companies**, and has therefore created an ecosystem where our teams can grow holistically and deliver the best version of themselves. Holistic development of our teams is promoted through a corporate culture based on two pillars: **flexibility and autonomy**. This is how work-life balance is achieved, through goal-oriented work and flexible schedules, for example. Thanks to this system Holaluz is now an egalitarian company across all decision-making levels. There are currently two teams, the technology team and the solar team, which have traditionally been highly male-dominated, where the company is implementing specific measures to promote parity, such as quotas with meritocracy.

Additionally, the company is organised in purpose-oriented teams with dedicated OKRs aimed at guaranteeing that high-impact goals are achieved across the business.

Holaluz has an Employee Development Policy that includes measures and processes to define, design and disseminate an employee management model allowing us to attract, promote and retain talent, as well as promoting the personal and professional growth of all the people who already belong to Holaluz's team.

At December 31, 2022 the headcount of the Parent Company, Holaluz-Clidom, SA, consisted of 520 employees (296 employees at December 31 2021). In 2022 Holaluz has strengthened its structure in order to carry out The Rooftop Revolution and has hired a large number of solar experts (sales team) and solar installers, as well as support employees in the other teams of the organisation.

Scalability is essential in the electricity marketing business. Consequently, the Company is committed to human capital, and especially to technological profiles, to adapt its systems to a capacity that allows it to bill over 1 million customers. In 2022 headcount shows a net increase of 224 employees (65 employees in 2021, with 296 employees at 2021 year end), mainly in the business development and technology teams, as well as in the solar team, with highly significant growth in 2022.

This **Management Report** includes the **Integrated Report** for the year ended December 31, 2022.

Value-added offer to our customers

Holaluz's business consists in **selling green energy with a margin**. Its value-added offer in the business of 100% green energy marketing consists in **passing the savings on to the customer through technology and innovation**, and in efficient customer acquisition. Through a unique combination that connects people to green energy and transforms every m2 of rooftop into a place for producing distributed green energy, a virtuous circle is created that allows prosumers to be connected to nearby communities from the surpluses generated by the owners of solar installations. All this increases the company’s positive impact and democratises access to Km 0 green energy.

Holaluz was founded in 2010 as a 100% renewable electricity marketing company that connected people to green energy, through the purchase of energy from independent centralised producers certified by the CNMC via PPAs (long-term energy purchase and sale contracts). In June 2020 Holaluz went one step further in the creation of social, environmental and economic value by launching **The Rooftop Revolution**, aimed at transforming every m2 of rooftop into green and cheap electricity for everyone. This movement aims to transform the current electricity generation model - centralised and non-renewable - into a model that combines centralised and distributed generation.

At December 31, 2022 there were 297,666 contracts. The main reason for the reduction in the customer portfolio in 2022 is the discontinuation of the gas marketing business, which was completed during the fourth quarter of 2022 (further details below) and affected approximately 70,000 customers. As of December 31, 2022 there were 4,000 active gas contracts. Excluding the discontinuation of the gas business, the number of contracts has remained stable.

More than 90% of Holaluz's customers are households and the rest are SMEs with a household behaviour. It is a highly atomised portfolio with an average bill per customer between 80-100 euros per month. Bills are issued on a calendar-month basis. The process for collecting the energy consumed during the month takes place during the first working days of the following month. In the event that the bill is returned, a very strict process starts that follows the timing established by Royal Decree 897/2017 of October 7 regulating the criteria for applying the measures for cutting off power supply.

Discontinuation of the gas marketing activity, delivering 10 million euros in savings to customers in a context of an energy crisis

Holaluz started marketing gas in November 2015 as an additional service for its electricity customers and with the commitment to end this business when there was a clear sustainable alternative.

In October 2022, the company decided to discontinue the gas marketing activity for the benefit of its customers and as a solution against the urgent climate emergency. The extraordinary situation in the market accelerated this decision. Ending the gas marketing activity is the company’s commitment to The Rooftop Revolution.

As a result of this decision, Holaluz customers will save more than 10 million euros in the first quarter of 2023 alone. Additionally, this decision results in a reduction in the Company's greenhouse gas emissions and strengthens the Company's commitment to decarbonisation and the Paris Agreement and European Green Deal goals.

Main KPIs of the income statement

Revenue in 2022 amounted to 864.1 million euros (564.6 million in2021). Normalised EBITDA[1] amounted to 32.2 million euros (2.5 million euros in 2021):

€m	12.31.22	12.31.21	% variation
Sales	**864.1**	**564.6**	**53%**
energy management	859.8	562.4	53%
solar	4.2	2.2	90%
Gross margin	**75.2**	**31.5**	**139%**
Normalised operating expenses[2]	**-35.6**	**-24.7**	**44%**
Normalised EBITDA[3]	**32.2**	**2.5**	**-**
EBITDA	**17.7**	**-2.8**	**-**

[1] Normalisation of EBITDA derives from the accounting change introduced by the Resolution dated February 10, 2021 issued by the Spanish Accounting and Audit Institute (ICAC) enacting the regulations for recognising, measuring and preparing financial statements for the recognition of revenue from the delivery of goods and rendering of services. The said resolution provides that incremental costs of obtaining a contract shall be recorded as Short-/Long-term Periodifications in the assets side of the consolidated balance sheet and under Other operating expenses in the consolidated income statement. That is, customer acquisition costs are no longer amortised, but the portion corresponding to the year is taken to the income statement (to advertising and publicity) and the rest is accrued in the balance sheet. This criterion has been adopted as from January 1, 2021, amending the comparative figures in both the balance sheet and the income statement. The impact of ICAC's resolution on the calculation of EBITDA amounts to 5.2 million euros at December 31, 2021 and 14.2 million euros at December 31, 2022. Normalised EBITDA has been calculated by reclassifying 14.5 million euros related to OPEX to Depreciation and Amortisation, following the criterion applied in prior years and prior ICAC's resolution.

[2] As EBITDA, normalised operating expenses do not include accruals (previously amortisation of customer acquisition costs. They do not include the "Other income" heading. Normalised operating expenses have been calculated based on Other operating expenses amounting to 50.2 million euros (29.2 million euros at December 31, 2021) and reclassifying 14.5 million euros related to OPEX to Depreciation and Amortisation, following the criterion applied in prior years and prior ICAC's resolution (5.2 million euros in 2021).

[3] EBITDA and Operating expenses have been normalised considering the customer acquisition costs as CAPEX/amortisation, in line with the vision that company management has of them. On February 10, 2021 a resolution issued by ICAC, the Audit and Accounting Institute, enacted a regulation on the recording of customer acquisition costs and established that they had to be considered in the Company's assets as current/non-current periodifications and the corresponding accrual shall be included in operating expenses.

HOLALUZ - CLIDOM, S.A.
Management Report for the year ended December 31, 2022

Sales

In 2022 the Company showed revenue of 864.1 million euros (564.6 million euros in 2021). This 53% increase is due to (i) the increase in the volume of represented energy; and (ii) high electricity prices as a result of collapsed energy markets. Revenue from the **energy management** business (commercialisation of electricity and gas and representation and management of solar panel installation surpluses) was 1.53 times higher in 2022 than in 2021.

Revenue from **electricity and gas marketing** accounted for 54% (53% in 2021) of total revenue. The amounts billed were 1.5 higher than in the same period of the prior year.

Solar sales correspond to solar panel installations that the subsidiary Rooftop Revolution, SL (wholly-owned by Holaluz-Clidom, SA) finances through 15-year loans granted to customers. The repayment of the loan (fixed monthly instalment of principal + interest) is offset by a fixed portion of surplus savings generated by the installation that Holaluz purchases from the customer so that once the loan is repaid, the saving for the customer, compared to the current electricity bill, may be more than 60%. Revenue from solar has substantially increased in percentage terms (+90%), from 2.2 million euros at December 31, 2021 to 4.2 million euros at December 31, 2022, as a result of the **solar first** strategic approach of **The Rooftop Revolution**[4].

As a result of strong growth in the representation activity, due to both represented energy and the price at which this energy has been sold (in a context of rising prices from mid-2021 to the fourth quarter of 2022), the weight in revenue from this activity doubled in 2021 up to 47%, remaining stable in 2022 at 46%.

Although Holaluz does not obtain profit from the representation business, it does allow the Company to compensate its selling position (as a representative agent) and buying position (as a supplier) in OMIE. Therefore, the final amount to be paid weekly in OMIE is the net resulting amount. The purpose of Holaluz is to reach a balance between buying and selling positions to reduce to a minimum the guarantees to be given in OMIE. This activity is also interesting for working capital management purposes, which is essential in an environment in which power marketers must pay their energy purchases

[4] Additionally, Holaluz, through its subsidiary Clidom Solar, instals solar panels for rooftop owners and manages their energy production, offering in exchange a monthly fixed discount in their electricity bill as from the first month. Holaluz works on a several stage plan that prioritises private rooftops in its launch stage. In the following stage, the proposal will be extended to communal rooftops and services sector rooftops. The sales margin of installations funded through the subsidiary Rooftop Revolution, SL is reflected in the subsidiary Clidom Solar, SL (wholly owned by the parent) and in the consolidated financial statements. The parent Holaluz-Clidom, SA acts solely as an agent for collecting the loan instalment, included in the monthly electricity bill, which also includes the fixed portion of surplus savings. The proceeds from this loan instalment is subsequently transferred to the subsidiary Rooftop Revolution, SL as the holder of the loans.

weekly and do not get paid from their customers until the following month. The large representation contracts that have been concluded since the second half of 2020 and over 2021 and 2022 have allowed the Group to increase the amount of energy represented in the market up to 3.6GWh at December 31, 2022. As a result, turnover of the representation activity has substantially increased, amounting to 394.7 million euros in 2022 (265.4 million euros in 2021), that is, 1.5 times higher than last year's.

As energy markets are integrating until reaching the European Energy Union, positioning in the several European markets and integration has been key to companies. In the first place, Holaluz has focused on Portugal, a market that is already integrated with the Spanish market through OMIE. For that purpose, the subsidiary Clidomer was incorporated in 2018. This is a company wholly owned by the Parent Company Holaluz-Clidom, SA, whose representation activity started in July 2018. The Portuguese subsidiary, focused exclusively on the representation business and PPAs, shows revenue of 26.0 million euros (70.6 million euros at December 31, 2021).

OMIE is the electricity market operator in the Iberian Peninsula where almost all energy purchase and sale transactions are closed. It is a physical market where energy that is actually going to be produced by the generators and consumed by the customers is purchased and sold. Electricity cannot be stored. Therefore, 24 auctions are held every day. The matching price (purchase – sale) varies hour by hour and, consequently, it is indispensable that margin is guaranteed by means of financial futures contracts and power purchase agreements (PPAs). These futures transactions to ensure margin are necessary because the selling price to the customer is fixed over 12 months, whereas the price of energy in OMIE is highly variable. Thus, through financial derivatives (mainly futures and forwards to which the PPAs explained below have been added) and physical PPAs Holaluz can cover price fluctuations in the energy market.

Gross margin

Holaluz's goal is to sell green energy with a margin to paying customers. In a context of high volatility in energy prices in the electricity market (OMIE), stable costs in energy sales is achieved through a fine hedging strategy that guarantees gross margin and, consequently, business profitability. The Company closes futures deals in Spanish (OMIP and MEFF) and international (EEX) financial energy markets, PPAs (both physical and financial) and OTCs deals (Over The Counter) to hedge the energy purchased for its customers and thus cover the risk of fluctuations in prices and the corresponding impact on trade margin.

Gross margin in 2022 amounted to 75.2 million euros (31.5 million euros in 2021), which was a 139% YoY increase, equal to 8.7% of sales (5.6% in 2021).

Personnel expenses increased by 69.5% in 2022 compared to the prior year, from 12.8 to 21.7 million euros, which accounted for 2.5% of 2022 sales (2.3% in 2021), of which 9.2 million have been reinvoiced to the subsidiary Clidom Solar.

Normalised operating expenses amounted to 35.6 million euros (24.7 million euros in 2021), equal to 4.1% of sales (4.4% in December 2021). Therefore, they remained roughly in line as a percentage of revenue.

Normalised EBITDA amounting to 32.2 million euros is 13 times higher than in the same period of the prior year (2.5 million euros). Stable operating expenses as percentage of revenue and an improved gross margin have allowed the energy management business of the company Holaluz-Clidom, SA to overcome net losses amounting to 4.8 million euros incurred in 2021 and to generate **net profit of 8.0 million euros**.

Balance Sheet

Holaluz uses PPAs to buy a portion of the energy that it sells to its customers. At year-end, the Company and the Portuguese subsidiary Clidomer have signed a total of 46 PPAs (purchase of energy from renewable energy producers) for the physical delivery of energy at a fixed price at the beginning of the agreement and for a determined period of time ranging between 1 and 10 years. These contracts, due to their nature (physical energy delivery), are not considered hedging derivative contracts. Consequently, they are not reflected in the balance sheet. However, the Directors consider that they must be considered in order to analyse the perspective and understand the Company's financial position as a whole.

The fair value of these contracts considering the MtM, that is, considering the amount of energy to be delivered, the period and the expected price, amounts to 93 million euros (158 million euros at December 31, 2021), of which 53.4 million euros are expected to materialise during 2023 and the rest, 39.6 million euros, from 2024 onwards.

Consequently, in order to show the cash flows, assets and obligations for next year the directors have decided to present the Company's balance sheet that would result from giving rise to the aforementioned PPAs (unrealised assets) as well as the related potential tax effect at December 31, 2022 and 2021 (for comparative purposes):

Assets[5]

M'€	(normalised) 12.31.22	(normalised) 12.31.21	(acc. Spanish GAAP) 12.31.22	(acc. Spanish GAAP) 12.31.21
NON-CURRENT ASSETS	**130.0**	**98.7**	**90.4**	**68.1**
Intangible assets	22.8	15.4	22.8	15.4
Property, plant and equipment	1.4	0.7	1.4	0.7
Group financial investments	30.7	7.4	30.7	7.4
Financial investments	44.6	33.3	5.0	2.7
Deferred tax assets	12.1	18.5	12.1	18.0
Long-term Periodification	18.4	23.4	18.4	23.4
CURRENT ASSETS	**237.7**	**348.0**	**184.3**	**220.7**
Inventories	9.0	1.8	9.0	1.8
Trade and other receivables	116.8	89.6	116.8	89.6
Group financial investments	2.5	2.7	2.5	2.7
Financial investments	86.6	237.7	33.2	110.3
Short-term Periodification	13.4	8.1	13.4	8.1
Cash and cash equivalents	9.5	8.1	9.5	8.1
TOTAL ASSETS	**367.8**	**446.7**	**274.8**	**288.7**

In accordance with Spanish GAAP, at 2022 year-end **Holaluz-Clidom, SA's balance sheet amounted to 274.8 million euros** (288.7 million euros at December 31, 2021). The increase is mainly due to: (i) an increase in fixed assets (property, plant and equipment and intangible assets) and in loans to customers of The Rooftop Revolution, and (ii) a reduction in current assets of 36.4 million euros basically as a result of the decrease in current derivatives (see comment below).

The increase in **intangible assets** includes the capitalisation of work performed by the

[5] The review of the normalised balance sheet is not part of the audit procedures carried out to review the financial statements for the year ended December 31, 2022, which are established in the verification of accounts in accordance with Spanish GAAP. The normalised balance sheet is obtained from adding the MtM of physical PPAs at 12.31.22, 93 million euros, to the audited trial balance, in accordance with financial management reports of the Company.

company for an amount of 4.7 million at December 31, 2022 (4.5 million euros at December 31, 2021). It corresponds to the technological innovation project related to the vertical integration of all distributed generation and **Smart Supply** processes (billing by monthly fixed fees) in which the company has been immersed since the beginning of 2021.

The increase in **property, plant and equipment** is due to the renovation works and installations carried out in the Barcelona **headquarters**.

Non-current group financial investments have increased by 23.3 million euros compared to the balance at December 2021 due to the contributions made by the parent to the subsidiaries Clidom Solar, SL, the Portuguese Clidomer and Katae Energía SL. As from January 1, 2023, all group companies based in Spain will **file the income tax return on a consolidated basis**. Additionally, a **Single VAT Group** has been created for the companies Holaluz-Clidom, SA, Clidom Solar, SL and Katae Energía SL. One of the requirements to activate this tax consolidation group and single VAT group was that none of the companies showed an imbalanced equity position. Consequently, in 2022 the monetary contributions that in prior years the parent company Holaluz-Clidom, SA made in March and April (once the financial statements for the prior year had been issued and approved) to restore the equity positions of the associates (where appropriate) have been made in December 2022 (3 months sooner). Specifically, 14.8 million euros have been contributed as an equity loan to Clidom Solar, SL (12 million euros in December 2022 and 2.8 million euros in April 2022) and 0.5 million euros to Katae Energía SL (December 2022, in this case through Clidom Solar, SL); and 2 million euros to Clidomer (February 2022) for a capital increase.

Additionally, the balance of 30.7 million euros also includes **7.5 million euros from loans for solar panel installations** to be repaid in fixed instalments over the next 15 years and charged on a monthly basis in the customer's electricity bill. These loans were granted as proof of concept for raising an SPV. Holaluz has no intention of granting any further loans until the SPV is raised.

The 5 million euros in **non-current financial investments** mainly correspond to **derivatives** (4.7 million euros).

In the preparation of the balance sheet, the ICAC's resolution dated February 10, 2021 has been considered, which sets forth that incremental costs of acquiring a contract shall be accounted for as current/non-current periodification in the balance sheet, whereas in the income statement they shall be recorded under "Other operating expenses". This criterion has been applied in Holaluz since January 1, 2021. At December 31, 2022 a total amount of **31.8 million euros** has been capitalised under **non-current or current accruals** (31.4 million euros at December 31, 2021) for **incremental costs of acquiring customers**.

As of December 31, 2022 **current assets** in accordance with Spanish GAAP amount to **184.3 million euros**, of which 30.4 million euros are **derivatives**. **Inventories** include gas not consumed by customers due to the discontinuation of this activity in the last quarter of 2022. **Trade receivables** have significantly increased compared to the prior year (+27.2 million euros) as a result of the rise in prices applied at the beginning of 2022. It should be noted that as a result of the several Spanish Official Gazettes that have come into effect since June 2021, electricity VAT has been reduced from 21% to 10% (June 2021) and to 5% (June 2022); and gas VAT has been reduced from 21% to 5% (September 2022). As a result, VAT payable to public administrations amounts to 8.5 million euros at December 31, 2022. **Current group financial investments** include 2.5 million euros corresponding to loans to the subsidiary Clidom Solar, SL to meet its cash needs in the supply of stocks and technological suppliers that collaborate in business automation and scalability projects.

Cash has increased by 1.4 million euros compared to the 2021 year-end. The movements in **net debt** are as follows:

€m	12.31.22	12.31.21
Non-current bank borrowings	23.3	19.6
Current bank borrowings	40.6	26.3
Other current payables	8.1	8.4
Cash	-9.5	-8.1
Net debt	**62.5**	**46.1**
Rooftop loans	-7.5	-2.6
Adjusted net debt	**55.0**	**43.5**

Rooftop loans are loans for solar panel installations granted to customers that are to be repaid over the next 15 years in fixed instalments included in the monthly electricity bill. These loans are a proof of concept for raising an SPV; Holaluz has no intention of granting any further loans until the SPV is raised. The amount of the loans has been deducted since it is considered that they should not be part of the balance sheet in a continuing context of business activity, but rather be transferred to the raised SPV.

At December 31, 2022, **adjusted net debt** amounted to **55.0 million euros**, 11.5 million euros higher than at December 2021. This increase in debt is due to the investment being made by the parent company, Holaluz-Clidom, SA, to finance the solar business and foster its growth and scalability in order to create long-term value in two businesses, **energy management** and **solar**, that feed back into each other in terms of profit generation.

Liabilities[6]

	(normalised)		(Spanish GAAP)	
M'€	12.31.22	12.31.21	12.31.22	12.31.21
EQUITY	**109.6**	**132.7**	**39.9**	**14.2**
Capital and reserves	63.1	55.0	63.1	55.0
Valuation adjustments	46.6	77.7	-23.2	-40.8
NON-CURRENT LIABILITIES	**59.2**	**87.1**	**35.9**	**47.6**
Long-term debt	35.9	47.6	35.9	47.6
Deferred tax liabilities	23.3	39.5	0.0	0.0
CURRENT LIABILITIES	**198.9**	**226.9**	**198.9**	**226.9**
Short-term debt	77.1	102.4	77.1	102.4
Group payables	3.0	6.7	3.0	6.7
Trade and other payables	118.9	117.8	118.9	117.8
TOTAL LIABILITIES	**367.8**	**446.7**	**274.8**	**288.7**

Shareholders' equity increased by 8.1 million euros in 2022, reaching 63.1 million euros at year-end.

Equity includes the **valuation adjustments** from the recording of derivatives for the amount of **-23.2 million euros** at December 31, 2022 (-40.8 million euros at December 31, 2021); data in accordance with Spanish GAAP. This amount corresponds to 75% of the difference between the spot price on December 31 and the price at which hedging transactions were entered into (25% of the MtM price is recorded in deferred taxes). It should be noted that this data is not complete within Holaluz's hedging strategy, as the impact of the MtM of the physical PPAs should be included, which gives rise to equity up

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[6] The review of the normalised balance sheet is not part of the audit procedures carried out to review the financial statements for the year ended December 31, 2022, which are established in the verification of accounts in accordance with Spanish GAAP. The normalised balance sheet is obtained from adding the MtM of physical PPAs at 12.31.22, 93 million euros, to the audited trial balance, in accordance with financial management reports of the Company.

to 109.6 million euros at year end (132.7 million euros at December 31, 2021).

At the general meeting held on October 25, 2019 the shareholders resolved to increase capital through a public offering of shares paid with monetary contributions in order to increase the Company's shareholders' equity by a maximum amount of 30 million euros (nominal amount + share premium). Next, it was resolved that all the shares issued through the said public offering be traded on BME Growth so that the Company's Board of Directors could execute the corresponding capital increase amounting to 30 million euros, fully paid in.

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

Additionally, on December 10, 2021, it was resolved to carry out a capital increase through monetary contributions for an aggregate effective amount of 7.5 million euros (nominal amount + share premium), which was finally executed for a value of 6.7 million euros (nominal amount + share premium), fully paid in by qualified investors.

As a result of these transactions, since December 2021 the Company's share capital has amounted to 656,661.57 euros, fully subscribed and paid in, and consists of 21,888,719 ordinary shares with a par value of 0.03 euros each. There have been no changes in 2022.

Non-current liabilities in accordance with Spanish GAAP amounted to **35.9 million euros** (47.6 million euros at December 31, 2021). The variation is mainly due to the reduction of 15.2 million euros in **non-current derivatives**, amounting to 12.7 million euros at December 2022 (27.9 million euros at December 2021). **Non-current bank borrowings** increased by 3.6 million euros due to the effect of greater use of ICO facilities, a working capital financing product that is recorded as a non-current payable as it does not mature until 2026.

Current liabilities in accordance with Spanish GAAP decreased to **198.9 million euros** (226.7 million euros at December 31, 2021). **Current payables** decreased by 25.4 million euros due to: (i) a reduction of 39.4 million euros in current derivatives; and (ii) an increase of 14.1 million euros in bank borrowings and other financial liabilities. **Accounts payable to suppliers and creditors** remained stable, amounting to 118.9 million euros at 2022 year-end.

The Company's average payment period to suppliers is 51 days, as disclosed in Note 14.1 to the financial statements 'Information on the average payment period to suppliers. Additional Provision Three. 'Disclosure requirements' of Law 15/2010, of July 5'.

Working capital

In 2022, the parent company of the Group, Holaluz-Clidom, SA, has been subject to continuing working capital requirements to finance the purchase of stocks for the subsidiary Clidom Solar (in the middle of a growth and consolidation process) and the increase in accounts receivable as a result of the rise in customer prices.

€m	12.31.22	12.31.21
Working capital	6.9	-26.3
Accounts receivable + inventories	125.8	91.5
Accounts payable	118.9	117.8

Cash flows

€m	12.31.22	12.31.21
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	**40.2**	**24.1**
Normalised profit/(loss) for the year before tax	9.7	-7.6
Adjustments to profit	75.0	11.4
Change in working capital	-41.7	20.9
Other cash flows from/(used in) operating activities	-2.7	-0.7
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**-52.8**	**-105.7**
Payments on investments (-)	-52.8	-105.7
Proceeds from disposals (+)		
CASH FLOWS FROM FINANCING ACTIVITIES	**13.9**	**56.2**
Proceeds from and payments on equity instruments	0.0	18.1

Proceeds from and payments on financial liabilities	13.9	38.1
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**1.4**	**-25.5**
Cash and cash equivalents at the beginning of the period	8.1	33.6
Cash and cash equivalents at the end of the period	9.5	8.1

In 2022 **operating cash flows amounted** to 40.2 million euros, compared to 24.1 million euros in 2021, mainly due to the increase in the items in non-cash hedging costs, whose outflow basically occurred in the fourth quarter of 2021. These are deals closed in EEX, where MtM is settled on a daily basis. In a scenario of rising energy prices back then, cash flow requirements arose for operations maturing in 2023 and subsequent years. There were also margin calls from bilateral derivative contracts entered into with counterparties. For 2023 the amount recognised in the Parent Company's P&L amounts to 48 million euros, of which 23 million euros correspond to MtM settlements on EEX and 25 million euros correspond to margin calls. **Cash flows from investments** have been reduced by half compared to 2021 and amount to 52.8 million euros (105.7 million euros in 2021) mainly from CapEx investments in technology. Additionally, the company's debt increased by 13.9 million euros to finance rises in working capital and investment requirements.

Green Promissory Note Program (Programa Pagarés Verdes)

On November 21, 2022 BME's Fixed-Income Market (MARF) registered the first **Green Promissory Note Program (Programa Pagarés Verdes)** of Holaluz-Clidom, SA amounting to up to 100 million euros. Through this program, the Company expects to have flexible access to qualified investors over the next twelve months, within a strategy to diversify its funding sources. Holaluz has structured the promissory notes issued under these Programa Pagarés Verdes so that they are considered a green instrument in accordance with the **Holaluz Green Finance Framework**, whereby the company can issue notes and promissory notes in accordance with the **Green Bond Principles 2021** and take out financing agreements in accordance with the **Green Loan Principles 2021** of the International Capital Markets Association (ICMA). To that end, Holaluz has obtained a **favourable opinion from Sustainalytics**, which confirms that the Holaluz Green Finance Framework is aligned with the four core ideas integrating both Principles.

On December 31, 2022 the Company's financial statements include a financing facility for promissory notes issued on MARF amounting to 6.5 million euros.

Environment

The Company's activity and fixed assets 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.

Employees

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. Additionally, the Company complies with equality and non-discrimination regulations.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No subsequent events have occurred from the balance sheet date until the date these financial statements were authorised for issue.

COMPANY OUTLOOK

The Company implements the actions described in the Business Plan, focusing on increasing the number of customers and the product and services portfolio:

- Increase in the pace of acquiring household and business customers.
- Margin guaranteed by market price hedges.
- Structural costs under control due to continuous implementation and enhancement of scalability projects.
- Investments in innovation to make technology the commonplace in the development of energy-related products and services and create an ecosystem of generation, consumption, optimisation and control of energy.
- Actions to acquire renewable plants that allow the Company to continue encouraging sustainable growth based on 100% green energy.
- Development and consolidation of the business plan for The Rooftop Revolution.

RESEARCH AND DEVELOPMENT ACTIVITIES

As a technological company, continuous research activities are carried out, as well as investments in innovation to make the use of technology the common place in the development of energy-related products and services and create an ecosystem of generation, consumption, optimisation and control of energy.

ACQUISITION OF TREASURY SHARES

The Company has treasury shares for an amount of 0.3 million euros at December 31, 2022, pursuant to article 262 of the Spanish Corporate Enterprises Act. Treasury shares at December 31, 2022 account for 0.28% of the Company's share capital and amount to 61,226 shares (38,194 shares at December 31, 2021).

FINANCIAL INSTRUMENTS

The Company considers that there are no risks that may affect its transactions other than those indicated in Note 16 to the financial statements.

HOLALUZ - CLIDOM, S.A.
Management Report for the year ended December 31, 2022

AUTHORIZATION OF THE MANAGEMENT REPORT FOR ISSUE BY THE MANAGEMENT BODY

Pursuant to prevailing legislation, the Company's management report for the year ended December 31, 2022 has been authorised 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 document by signing this single-sided page that accompanies the management report, which has been drawn up from page 1 to page 17.

Barcelona, March 29, 2023

Ms. Carlota Pi Amorós

Chair

Mr. Ferran Nogué Collgròs

Mr. Oriol Vila Grifoll

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

Ms. Isabela Pérez Nivela

Mr. Enrique Tellado Nogueira

Geroa Pensioak
Represented by
Mr. Jordan Saenz