

**Audit Report on Consolidated Financial Statements issued by an  
Independent Auditor**

**SONNEDIX ESPAÑA EQUITYCO, S.L. and SUBSIDIARIES  
Consolidated Financial Statements and Consolidated  
Management Report for the year ended  
December 31, 2022**

## AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 22)

To the Sole Shareholder of Sonnedix España Equityco, S.L. at the request of the Sole Director:

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### Opinion

We have audited the consolidated financial statements of Sonnedix España Equityco, S.L. (the Parent), and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto for the year ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the equity and financial position of the Group as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

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### Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those regulations are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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### Most relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

*Regulatory framework, including revenue recognition, calculation of the recoverable value of non-current assets and the ability to repay loans received*

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**Description** The Group's revenue from contracts with customers are from electricity sales, an activity subject to a specific tariff model established by the prevailing regulatory framework, as explained in Note 3 to the accompanying financial statements. Consequently, revenue recognized in the year was estimated based on criteria and parameters stipulated by the current tariff model. Likewise, the estimates made by management of future cash flows used to calculate the recoverable amount of assets as well as the Group's capacity to settle its liabilities depend on meeting budgets prepared for the entire estimated useful life of energy production installations, including an estimate of revenue received primarily from the aforementioned tariff model. These factors have caused us to consider this issue a key audit matter.

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**Our response** Our audit procedures have included, among others, the following:

- ▶ Reviewing the current tariff model and assessing the degree of compliance therewith.
- ▶ Testing revenue recognition to verify the reasonableness of the estimates made based on regulatory changes during the year.
- ▶ Verifying accounts payable and receivable from energy sales taking into account provisional and definitive settlements with the "CNMC" and from the intermediary during the year.
- ▶ Checking that the current regulatory framework was taken into account when analyzing the recoverable amount of the Group's non-current assets.
- ▶ Reviewing the disclosures included in the notes to the financial statements in conformity with the regulatory framework for financial reporting applicable to the Group.

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#### Other information: consolidated management report

Other information refers exclusively to the 2022 consolidated management report, the preparation of which is the responsibility of the Parent's Sole Director and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. In conformity with prevailing audit regulations in Spain, our responsibility in terms of the consolidated management report is to assess and report on the consistency of the consolidated management report with the consolidated financial statements based on the knowledge of the Group we obtained while auditing the consolidated financial statements, and not including any information not obtained as evidence during the course of the audit. In addition, our responsibility is to assess and report on whether the content and presentation of the consolidated management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.,

Based on the work performed, as described in the above paragraph, the information contained in the consolidated management report is consistent with that provided in the 2022 consolidated financial statements and their content and presentation are in conformity with applicable regulations.

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#### Parent's Sole Director responsibilities for the consolidated financial statements

The Parent's Sole Director is responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with the IFRS-EU and other provisions in the regulatory framework applicable in Spain, as explained in Note 2, and for such internal control as they determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's Sole Director is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Parent's Sole Director either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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#### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Parent's Sole Director.
- ▶ Conclude on the appropriateness of the Parent's Sole Director use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of t entities or business activities within the Group to express an opinion on the consolidate financial statements. We are responsible for the direction, supervision and performance o the group audit. We are solely responsible for our audit opinion.

We communicate with the Parent's Sole Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the Parent's Sole Director, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

**ERNST & YOUNG, S.L.**  
(Registered in the Official Register of  
Auditors under No. S0530)

(signed on the original version In Spanish)

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**Ambrosio Arroyo Fernández-Rañada**  
(Registered in the Official Register of  
Auditors under con el N° 20648)

April 25, 2023

**Sonnedix España Equityco, S.L.  
and Subsidiaries**

Consolidated Financial Statements and  
Management Report for the year  
ended December 31, 2022

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### **CONSOLIDATED MANAGEMENT REPORT**



**Sonnedix España Equityco, S.L. and Subsidiaries**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2022 AND 2021**  
*(Thousands of euros)*

ASSETS	Notes	2022	2021	EQUITY AND LIABILITIES	Notes	2022	2021
<b>NON-CURRENT ASSETS</b>		<b>170,374</b>	<b>206,966</b>	<b>EQUITY</b>		<b>(90,057)</b>	<b>(95,378)</b>
<b>Intangible assets</b>	5	<b>34,996</b>	<b>40,075</b>	<b>CAPITAL AND RESERVES</b>	11	<b>(90,057)</b>	<b>(95,378)</b>
Operating rights		19,963	23,589	Share capital		3	3
Right-of-use in leases		11,761	12,328	Issued capital		3	3
Other intangible assets		3,272	4,158	Share premium		4,814	4,985
<b>Property, plant, and equipment</b>	6	<b>117,605</b>	<b>146,904</b>	Legal reserve of the Parent		1	1
Land and buildings		1,386	1,386	Consolidation reserves		(100,640)	(99,491)
Plant		115,866	145,165	Other owner contributions		1,217	273
Other PP&E items		353	353	Consolidated profit for the year		4,548	(1,149)
<b>Financial investments</b>	7	<b>1,161</b>	<b>1,649</b>				
<b>Deferred tax assets</b>	13	<b>16,612</b>	<b>18,338</b>	<b>NON-CURRENT LIABILITIES</b>		<b>282,813</b>	<b>319,977</b>
				Provisions	19	2,232	2,172
				Borrowings		272,687	289,813
				Bonds and other marketable securities	12.1	251,682	270,693
				Other borrowings	12.2	11,561	11,949
				Other financial liabilities	12.4	9,444	7,171
				Borrowings from group companies and associates	14	4,477	23,736
				Deferred tax liabilities	13	3,417	4,256
				<b>CURRENT LIABILITIES</b>		<b>25,874</b>	<b>31,197</b>
<b>CURRENT ASSETS</b>		<b>48,256</b>	<b>48,830</b>	Borrowings		20,088	19,393
<b>Inventories</b>		<b>62</b>	<b>62</b>	Bonds and other marketable securities	12.1	19,293	18,609
<b>Trade and other receivables</b>		<b>3,462</b>	<b>11,526</b>	Other borrowings	12.2	795	784
Trade receivables	8	3,332	11,349	Payables to group companies and associates	14	193	5,935
Other receivables from public administrations	13	130	177	Trade payables to group companies and associates	14	2,131	1,418
<b>Financial investments</b>	7	<b>19,778</b>	<b>18,888</b>	Trade and other payables		3,462	4,451
<b>Cash and cash equivalents</b>	10	<b>24,954</b>	<b>18,354</b>	Other payables	12.3	568	847
				Other payables to public administrations	13	2,894	3,604
<b>TOTAL ASSETS</b>		<b>218,630</b>	<b>255,796</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>218,630</b>	<b>255,796</b>

The accompanying notes 1 to 21 are an integral part of the consolidated statement of financial position at December 31, 2022 and 2021.

**Sonnedix España Equityco, S.L. and Subsidiaries**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 2022 AND 2021**  
*(Thousands of euros)*

	Notes	Year 2022	Year 2021
<b>CONTINUING OPERATIONS</b>			
Revenue	15.a	57,339	55,475
Cost of sales	15.c	(4,773)	(4,330)
Other operating income		103	256
Other operating expenses	15.d	(558)	(4,472)
External services		(249)	(238)
Other taxes		(309)	(4,234)
Depreciation and amortization	15.e	(34,605)	(34,530)
Impairment losses and gains (losses) on disposal of assets	6 and 15.f	(254)	-
<b>OPERATING PROFIT</b>		<b>17,252</b>	<b>12,399</b>
<b>Finance income</b>		-	-
Other finance income		-	-
<b>Finance costs</b>	15.g	<b>(11,358)</b>	<b>(12,866)</b>
Bonds and other marketable securities		(9,431)	(10,028)
Borrowings from group companies and associates	14	(1,482)	(2,374)
Other finance costs		(445)	(464)
<b>FINANCE COST</b>		<b>(11,358)</b>	<b>(12,866)</b>
<b>PROFIT BEFORE TAX</b>		<b>5,894</b>	<b>(467)</b>
Corporate income tax	13	(1,346)	(682)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>4,548</b>	<b>(1,149)</b>
<b>CONSOLIDATED PROFIT (LOSS) FOR THE YEAR</b>		<b>4,548</b>	<b>(1,149)</b>

The accompanying notes 1 to 21 are an integral part of the consolidated statement of profit or loss for the years 2022 and 2021.

**Sonnedix España Equityco, S.L. and Subsidiaries**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31,  
2022 AND 2021**

*(Thousands of euros)*

	Notes	2022	2021
<b>PROFIT AS PER THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (I)</b>		<b>4,548</b>	<b>(1,149)</b>
Income and expense recognized directly in consolidated equity		-	-
<b>TOTAL INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY (II)</b>		<b>-</b>	<b>-</b>
Amounts transferred to consolidated statement of profit or loss		-	-
<b>TOTAL AMOUNTS TRANSFERRED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (III)</b>		<b>-</b>	<b>-</b>
<b>TOTAL RECOGNIZED INCOME AND EXPENSE (I+II+III)</b>		<b>4,548</b>	<b>(1,149)</b>

The accompanying notes 1 to 21 are an integral part of the consolidated statement of comprehensive income for the years ended December 31, 2022 and 2021.

**Sonnedix España Equityco, S.L. and Subsidiaries**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022**

*(Thousands of euros)*

	Share capital (Note 11.a)	Share premium (Note 11.b)	Legal reserve of the Parent (Note 11.c)	Consolidation reserves	Other owner contributions (Note 11.d)	Profit (loss) for the year	TOTAL
<b>BALANCE AT DECEMBER 31, 2020</b>	<b>3</b>	<b>28,144</b>	<b>1</b>	<b>(96,099)</b>	<b>273</b>	<b>(3,392)</b>	<b>(71,070)</b>
Total recognized income and expense	-	-	-	-	-	(1,149)	(1,149)
Appropriation of 2020 comprehensive income	-	-	-	(3,392)	-	3,392	-
Transactions with partners:							
Repayment of owner contributions	-	(23,159)	-	-	-	-	(23,159)
<b>BALANCE AT DECEMBER 31, 2021</b>	<b>3</b>	<b>4,985</b>	<b>1</b>	<b>(99,491)</b>	<b>273</b>	<b>(1,149)</b>	<b>(95,378)</b>
Total recognized income and expense	-	-	-	-	-	4,548	4,548
Appropriation of 2021 comprehensive income	-	-	-	(1,149)	-	1,149	-
Transactions with partners:							
Owner contributions	-	(171)	-	-	944	-	773
Repayment of owner contributions	-	-	-	-	944	-	944
Repayment of owner contributions	-	(171)	-	-	-	-	171
<b>BALANCE AT DECEMBER 31, 2022</b>	<b>3</b>	<b>4,814</b>	<b>1</b>	<b>(100,640)</b>	<b>1,217</b>	<b>4,548</b>	<b>(90,057)</b>

The accompanying notes 1 to 21 are an integral part of the consolidated statement of changes in equity for the years ended December 31, 2022 and 2021.

**Sonnedix España Equityco, S.L. and Subsidiaries**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
*(Thousands of euros)*

	Notes	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>43,806</b>	<b>45,110</b>
Profit before tax		5,894	(467)
Adjustments to profit:		46,217	47,396
- Depreciation and amortization	15.e	34,605	34,530
- Gains (losses) from derecognition and disposals of assets	6 and 15. f	254	-
- Finance costs	15.g	11,358	12,866
Changes in working capital		8,574	8,858
- Trade and other receivables		8,064	2,435
- Other current assets		(890)	441
- Trade and other payables		(989)	(687)
- Other non-current assets and liabilities		2,389	6,669
Other cash flows from operating activities		(16,879)	(10,677)
- Interest paid		(16,758)	(10,677)
- Income tax payments and receipts		(121)	-
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(37,206)</b>	<b>(41,525)</b>
Proceeds from and payments on equity instruments	11	773	(23,159)
- Proceeds from issuance of equity instruments (+)		944	-
- Amortization of equity instruments (-)		(171)	(23,159)
Proceeds from and payments of financial liabilities		(37,979)	(18,366)
- Repayment and redemption of:			
Bonds and other marketable securities (-)	12.1	(18,609)	(17,955)
Borrowings from group companies and associates (-)	14	(19,259)	-
Other current payables (lease liabilities) (-)	12.2	(111)	(411)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>6,600</b>	<b>3,585</b>
Cash and cash equivalents at January 1	10	18,354	14,769
Cash and cash equivalents at December 31	10	24,954	18,354

The accompanying notes 1 to 21 are an integral part of the consolidated cash flow statement for the years ended December 31, 2022 and 2021.

## **Sonnedix España Equityco, S.L. and Subsidiaries**

Notes to the consolidated financial statements for the year ended December 31, 2022

### **1. COMPANIES AND ACTIVITIES OF THE GROUP**

Sonnedix España Equityco, S.L. (Sole Shareholder Company) ("the Parent") and its subsidiaries make up a Group of companies ("the Group").

Sonnedix España Equityco, S.L. was incorporated on February 11, 2016 for an indefinite period and registered at the Mercantile Registry on the same date. The sole shareholder of the Parent at December 31, 2022 and 2021 is Sonnedix Luxembourg Holdco 2 SARL.

At December 31, 2022 and 2021, the Parent belonged to a Group of companies (the Sonnedix España Group) whose parent is Sonnedix España, S.L.U., a Spanish company that issues consolidated financial statements and a consolidated management report, and whose registered address is located in Madrid at calle Príncipe de Vergara 108.

Further, Sonnedix España Equityco, S.L. is the head of a group of companies and voluntarily prepares consolidated financial statements in accordance with prevailing regulations given that it is in turn consolidated by Sonnedix España, S.L.U., filing said consolidated financial statements with the Spanish Mercantile Registry.

Appendix I includes the breakdown of subsidiaries, associates, and investees in which Sonnedix España Equityco, S.L. holds direct or indirect interest, as well as the consolidation method applied, registered addresses, activities, percentages of ownership interest (direct and indirect), and the most relevant financial information on said entities. Further, no subsidiary was excluded from the consolidation process.

#### **Group activity**

The Group's business model is oriented towards the operation of solar energy parks for the generation of electric energy in Spain. The Group currently employs photovoltaic technology. At December 31, 2022 and 2021 the Group's total installed capacity amounted to 98.62 MWp (88.01 MW of nominal capacity).

At present the Group is operating the solar parks which are listed in Appendix II.

The Group did not perform any new acquisitions or make any changes to its consolidation scope during 2022 and 2021 with respect to the prior year.

#### **Environmental disclosures**

Given the business activities performed by the Group, it has no environmental liabilities, expenses, assets, provisions or contingencies that could be material in respect of its equity, financial position or performance. Consequently, the notes to the accompanying financial statements do not include specific disclosures relating to environmental matters, except for Note 19, which includes disclosure on dismantling provisions.

## **2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

### **2.1 *Financial reporting framework applicable to the Group***

The sole director of the Parent prepared the accompanying consolidated financial statements in accordance with the financial reporting framework applicable to the Group, which is set out in:

- a) The Spanish Code of Commerce and other mercantile law;
- b) International Financial Reporting Standards adopted by the European Union ("IFRS-EU"), with the IFRS in force at December 31, 2021 being applicable to the extent adopted by the European Union, in accordance with Regulation (EC) number 1606/2002 of the European Parliament and the Council, taking into account all the mandatory accounting principles and standards as well as measurement criteria which have a significant effect, as well as the alternatives permitted by regulations in this respect
- c) Binding rules approved by the ICAC (Instituto de Contabilidad y Auditoría de Cuentas - Spanish Audit and Accounting Institute) enacting Spanish GAAP and its complementary regulations;
- d) The remaining applicable Spanish regulations.

Note 4 to the accompanying consolidated financial statements provides a summary of the most significant accounting principles and measurement criteria applicable for preparation of these consolidated financial statements.

### **2.2 *Basis of presentation***

The consolidated financial statements were prepared from the Parent's accounting records and those of the rest of the companies which belong to the Sonnedix España Equityco Group, with the euro as the functional currency of the Parent and its subsidiaries.

The consolidated financial statements were prepared in accordance with the regulatory framework for financial information applicable to the Group as established in IFRS-EU and taking into account all the mandatory accounting principles and standards as well as measurement criteria, together with the Spanish Commercial Code, the Spanish Corporate Enterprises Act, and remaining applicable mercantile legislation.

Given that the accounting principles and measurement criteria applied when preparing the consolidated financial statements may differ from those used by certain companies included therein (which apply local regulations), the necessary adjustments and reclassifications were applied during the consolidation process to standardize the principles and criteria in accordance with IFRS-EU.

In order to standardize presentation of the various items included in the accompanying consolidated financial statements, the measurement principles and criteria followed by the Parent were applied to all companies included in the consolidation scope, the effect of which did not have a significant impact on the consolidated financial statements.

The accompanying consolidated financial statements for 2021 were prepared by the Parent's sole director and will be submitted for approval by the sole partner within the legally established deadlines. The sole director of the Parent expects them to be approved without any modifications.

On June 30, 2021 the sole partner of Sonnedix España Equityco, S.L. approved the consolidated financial statements and consolidated management report for 2020, as well as the corporate management policy carried out by the sole director of the Parent during said year.

### **2.3 *True and fair view***

The accompanying consolidated financial statements give a true and fair view of the Sonnedix España Equityco Group's consolidated equity, consolidated results of its operations, consolidated changes in equity, and

consolidated cash flows for 2022 and 2021.

## 2.4 Adoption of IFRS

The Group's consolidated financial statements are presented in accordance with IFRS-EU, in keeping with the disclosure of Note 2.1.

The main accounting policies and measurement standards adopted by the Group are presented in Note 4 to the accompanying consolidated financial statements in accordance with the stipulations of IFRS-EU.

### a) Standards and interpretations approved by the European Union effective during the current period

Amendments to:	Date of application in the EU
IFRS 3 Business Combinations	January 1, 2022
IAS 16 Property, Plant, and Equipment	January 1, 2022
IAS 37 Provisions, Contingent Liabilities, and Contingent Assets	January 1, 2022
Annual improvements cycle 2018-2020	January 1, 2022

The accounting standards used to prepare the accompanying consolidated financial statements are the same as those used to prepare the consolidated financial statements for the year ended December 31, 2021, as none of the standards, interpretations or amendments that are effective for the first time in the current year have had any impact on the Group's accounting policies.

### b) Standards and interpretations issued by the IASB not yet applicable in the current reporting period

Standard, interpretation or amendment	Date of adoption by the EU	Date of application in the EU	Date of application by the IASB
IFRS 17 - Insurance Contracts	November 19, 2021	January 1, 2023	January 1, 2023
IFRS 17 – Insurance Contracts: initial application of IFRS 17 and IFRS 9 – Comparative Information	8 September 2022	January 1, 2023	January 1, 2023
Definition of accounting estimates (Amendments to IAS 8)	March 2, 2022	January 1, 2023	January 1, 2023
Disclosure requirements for accounting policies (Amendments to IAS 1 and to the Practice Statement of IFRS 2)	March 2, 2022	January 1, 2023	January 1, 2023
Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	August 11, 2022	January 1, 2023	January 1, 2023
IAS 1 Presentation of Financial Statements: Classification of liabilities as current or non-current	Pending	Pending	January 1, 2024

The Group intends to apply the standards, interpretations and amendments to standards issued by the IASB, whose application is not mandatory in the European Union at the date of authorizing the accompanying consolidated financial statements for issue, when they become effective and to the extent applicable to the Group.

Although the Group is still in the process of analyzing their impact, based on the analysis performed to date, the sole director of the Parent considers that their first-time application will not have a significant impact on its consolidated financial statements.

## 2.5 Presentation currency of the Group

The accompanying consolidated financial statements are presented in thousands of euros given that the euro is the presentation currency of all Group companies.



## 2.6 Consolidation principles

All subsidiaries of the Parent disclosed in Appendix I were considered in the consolidation process.

The Group applied the following criteria to determine the consolidation method applicable to each of its companies:

- The full consolidation method was utilized to consolidate those investees over which the Group has effective control due to holding a majority in their representative and decision-making bodies. At December 31, 2022 and 2021, all of the companies that make up the Group were consolidated under this method.

### The full consolidation method

Consolidation of the operations of the Parent and consolidated subsidiaries was performed in accordance with the following principles:

- The acquisition by the Parent of control over a subsidiary constitutes a business combination, to be measured using the acquisition method. In subsequent consolidations, the investments-equity of subsidiaries are generally eliminated based on values obtained by applying the acquisition method described below at the date on which control is obtained.
- Business combinations are accounted for using the acquisition method, which requires identification of the acquisition date, calculation of the cost of the combination, and recognition of the identifiable assets acquired and liabilities assumed at their acquisition-date fair values. Consequently, and for certain Group companies, during 2016 the Group recognized the fair value of the acquired rights of use (rights not recognized in the individual financial statements of said companies), corresponding to licenses and administrative procedures necessary for development of a project and acquired from third parties.

These acquired operating rights correspond to the necessary administrative requirements (concessions, permits, licenses, etc.) which are mandatory for construction and starting up the assets associated with each project. Thus, they are also amortized over the useful life of the project assets.

- Goodwill or the negative consolidation difference is calculated as the difference between the fair values of the recognized assets acquired and liabilities assumed and the cost of the business combination, all as of the acquisition date. Changes subsequent to obtaining control which do not represent a change in control, corresponding to purchase and sales transactions with minority interests, will not be considered business combinations, and consequently the differences recognized on first consolidation are not modified.

At the date of preparation of the accompanying consolidated financial statements, the Group had concluded the valuation process for investments made in photovoltaic installations acquired during prior years. In accordance with prevailing international regulations, said valuation must be concluded within twelve months from the date of each acquisition. Thus,

- a) The carrying amounts of assets, liabilities, and identifiable contingent liabilities, which are recognized or adjusted to complete the initial accounting, shall be calculated as if the fair value as of the acquisition date had been recognized at said date.
- b) Goodwill or any gains shall be adjusted, effective from the acquisition date, by an amount equal to the adjustments made to the fair value at said date of the assets, liabilities, or identifiable contingent liabilities being recognized or adjusted.
- c) The comparative information presented for the years prior to completing the initial accounting for the business combination shall be presented as if it had been completed at the acquisition date. This includes both additional amortization and depreciation, as well as any other effect recognized in results for the year as a consequence of completing the initial accounting. The cost of a business combination is the aggregate of:

- the acquisition date fair value of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued; and
- the fair value of any contingent consideration which depends on future events or the fulfillment of predetermined conditions.

The costs of the business combination do not include expenses related to the issuing of equity instruments or financial liabilities exchanged for the acquired elements.

In a business combination achieved in stages, so that prior to the acquisition date (the date on which control is obtained) there already was a previous investment, goodwill or the negative difference corresponds to the difference between:

- the cost of the business combination plus the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and
- the value of the identifiable assets acquired less the liabilities assumed, determined in the manner described above.

Any gain or loss arising from measurement at fair value at the date control of the prior interest held in the investee is obtained is recognized in the consolidated statement of profit or loss. If said investment in the investee had been measured previously at fair value, any changes in fair value not yet recognized in profit or loss for the year shall be transferred to the consolidated statement of profit or loss. Further, the cost of the business combination is presumed to be the best reference for estimating fair value at the acquisition date of any previously held equity interest.

In the exceptional event of a negative difference arising upon the combination, this will be recognized in the consolidated statement of profit or loss as income.

If at the end of the reporting period in which the business combination occurs it is not possible to complete the valuation processes needed to apply the acquisition method outlined above, the business combination is accounted for provisionally. The provisional amounts thus recognized can subsequently be adjusted within the period required to obtain the necessary information, which can under no circumstances exceed one year. The effects of the adjustments made during said period are accounted for retrospectively, modifying the comparative information if necessary.

Subsequent changes in the fair value of the contingent consideration are adjusted against profit or loss, except where the contingent consideration has been classified as equity, in which case subsequent changes in fair value are not recognized.

All balances, transactions, and results generated between Group companies consolidated under the full consolidation method were eliminated upon consolidation.

## **2.7 Non-mandatory accounting principles applied**

The Parent has not applied any non-mandatory accounting policies. Further, the sole director of the Parent prepared these consolidated financial statements taking all the mandatory accounting principles and standards which had a significant effect on them into account. All mandatory accounting policies were applied.

## **2.8 Critical issues regarding the measurement and estimation of uncertainties**

The accompanying consolidated financial statements were prepared using estimates made by the sole director of the Parent to measure the assets, liabilities, income, expenses, and commitments recognized therein. These estimates were made based on the best information available at 2022 year end. However, given the uncertainty inherent in these estimates, future events could require them to be modified in subsequent reporting periods (upwards or downwards). Any changes in accounting estimates would be made prospectively.

Essentially, these estimates relate to:

- the evaluation of possible impairment losses on certain assets (Note 4.c).
- the calculation of dismantling provisions for the photovoltaic solar installations (Note 4.i).

## **2.9 Comparative information**

For comparative purposes, the information included in the accompanying consolidated financial statements for 2022 is presented with the information relating to 2021.

## **2.10 Grouping of items**

Certain items in the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated cash flow statement are grouped together to facilitate understanding. However, whenever the amounts involved are material, the information is broken down in the notes to the accompanying consolidated financial statements.

## **3. REGULATION OF ENERGY PRODUCTION ACTIVITIES FROM RENEWABLE SOURCES**

The Group at present pursues its activities in the market for electricity generation in Spain via the operation of production installations using renewable energies (the Group uses photovoltaic solar technology). At the date of authorization of the accompanying consolidated financial statements, all Group investments were located in Spain.

The new regulatory framework for the production of energy from renewable sources in Spain is described in detail below:

### Electricity Sector Act and Royal Decree Law 9/2013 of July 12

At 2022 and 2021 year end, the main legislative reference for electric energy was Law 24/2013, of December 26, on the Electricity Sector, which repealed Law 54/1997 of November 27.

The Electricity Sector Law is designed to establish regulation of the electricity sector for the purpose of guaranteeing electricity supply and adapting it to the needs of consumers in terms of security, quality, efficiency, objectivity, transparency, and minimum cost.

The law states the remuneration system for energy from renewable sources, cogeneration and waste shall be based on the facilities' necessary participation in the market, supplementing, if necessary, market revenues with a specific regulated remuneration allowing these technologies to compete on an equal footing with the other technologies in the market. This specific complementary remuneration shall be sufficient to reach the minimum level required to cover costs that, unlike with conventional technologies, cannot be recovered in the market, thus allowing for reasonable returns based on a standard installation in each applicable case.

Under this criterion, the specific remuneration, in accordance with the technology, shall consist of:

- a term per unit of installed power to cover the investment costs of a standard installation that cannot be recovered by the sale of energy in the market, and
- a term for the operation to cover the shortfall between operating costs and revenues from participating in the market.

Remuneration shall be calculated based on a standard installation over its regulatory useful life, taking into account:

- standard revenue from the sale of energy generated, valued at the (estimated) price on the production market,

- standard operating costs, and
- the standard value of the original investment.

Regulatory periods of six years and half-periods of three years are established to calculate the specific remuneration. The first regulatory period began on July 14, 2013 and ended on December 31, 2019.

In the review corresponding to each regulatory period, all remuneration parameters may be modified. This includes the value used to calculate the reasonable return on the remainder of the regulatory useful life of the standard installations, which shall be set by law. Once the regulatory useful life or standard value of the initial investment in an installation has been recognized, these values may not be revised under any circumstances.

Estimates of revenue from the sale of energy generated, measured at the market production price, will be revised every three years for the rest of the regulatory period based on market price trends and forecasts for operating hours.

In addition, remuneration parameters shall be adjusted based on deviations in the market price from the estimates made for the preceding three-year period. The adjustment method shall be established by regulation and be applicable for the remainder of the installation's useful life.

Reasonable return is defined as the profit generated on a project before taxes and calculated based on the average yield in the secondary market of Spanish 10-year bonds plus the appropriate spread.

The first additional provision of Royal Decree Law 9/2013 sets the reasonable return for facilities entitled to premium remuneration prior to the entry into force of Royal Decree Law 9/2013 as the average return on the secondary market of Spanish 10-year bonds for the 10 years prior to the entry into force of Royal Decree Law 9/2013 plus 300 basis points (equivalent to 7.398% for the first regulatory period).

Further, it is worth noting that the law specifies the criteria for priority access and dispatch of electricity from high-efficiency renewable energy sources and cogeneration as set out in European Union directives.

#### Royal Decree Law 17/2019

Royal Decree Law 17/2019 was published on November 22, 2019, adopting urgent measures for the necessary adaptation of remuneration parameters which affect the electricity system and further providing a response to the process of terminating activities at thermal power plants.

#### *General remuneration scheme*

Based on the provisions of said Royal Decree Law, and without prejudice to the stipulations of the final third provision of Law 24/2013, of December 26, on the Electricity Sector, the reasonable return applicable for the remaining regulatory useful life of standard installations, which will be used for reviewing and updating the remuneration parameters applicable during the second regulatory period (2020-2025) to the installations for production of electric energy from renewable sources, cogeneration, and waste, before taxes, will be 7.09%.

#### *Exceptional remuneration scheme*

Exceptionally, the Royal Decree Law introduces a provision, the purpose of which is to guarantee the possibility, for those owners of electric energy production installations based on renewable energies, cogeneration, and waste who had already been granted prime remuneration when Royal Decree Law 9/2013, of July 12, became effective, and who desire to avail themselves of it voluntarily, that the reasonable return set for the first regulatory period, ended on December 31, 2019, cannot be modified during the two subsequent and consecutive regulatory periods, counting from January 1, 2020. In other words, those owners who avail themselves of this scheme will maintain a reasonable return on these installations of 7.398% during the 2020-2031 period, greater than the 7.09% established for the 2020-2025 period, thus avoiding the uncertainty of the 2026-2031 period.

However, availing themselves of this scheme meant the early termination of all arbitration or judicial proceedings and the irrevocable renunciation of re-initiating or continuing them, as well as renunciation of any indemnities or compensation which may have been recognized as a consequence of such proceedings, subject to accreditation before the General Directorate for Energy and Mining Policy prior to September 30, 2020.

The Group availed itself of the aforementioned exceptional remuneration scheme of 7.398% for those

installations with respect to which it was not involved in any ongoing arbitration or judicial proceedings prior to accreditation before the General Directorate for Energy and Mining Policy, while for the remaining installations it applies the general remuneration scheme at 7.09%.

#### Order TED/171/2020

On February 24, 2020 ministerial order TED/171/2020 was published, updating the remuneration parameters applicable to all installations engaged in the production of energy based on renewable sources, cogeneration, and waste with the right to receive specific remuneration. Said order is applicable for the regulatory period starting on January 1, 2020.

This new remuneration includes the adjustments to the remuneration parameters based on deviations in the market price from the estimates made for the preceding three-year period, distinguishing the parameters in terms of those projects which avail themselves of the general scheme or the exceptional scheme.

#### Royal Decree Law 12/2021 and Royal Decree Law 17/2021

On June 25, 2021, the Official State Gazette ("BOE" in its Spanish acronym from "Boletín Oficial del Estado") published Royal Decree Law 12/2021, on adopting urgent measures in matters relating to taxation of energy and the generation of energy.

In addition, on September 15, 2021 the BOE published Royal Decree Law 17/2021, on urgent measures for mitigating the impact of increased natural gas prices in the gas and electricity retail markets.

Said Royal Decree Laws established that, exceptionally, during the third and fourth quarter of 2021 the installations that produce and deliver electricity to the electricity system are exempt from the tax on the value of electric energy production. This requires modifying the calculation of the tax base and the regulated payment installments as per the tax legislation.

Thus, tax on the value of electric energy production for 2021 and the corresponding installments payable correspond to the total amount receivable by the tax-paying entity for production and incorporation of electric energy in the electricity system, measured in power station busbars, for each installation during the tax period, less remuneration corresponding to the electricity incorporated in the system during the third and fourth natural quarter.

Finally, the fourth additional provision of Royal Decree Law 17/2021 established that the National Markets and Competition Commission ("CNMC" in its Spanish acronym), as the body responsible for settlements, would carry out the necessary settlement for adapting the remuneration arising from the specific remuneration scheme, subtracting the amounts not paid for the installations as a result of the suspension of the tax on the value of electric energy production.

Said adaptation took place for the first settlements in which the CNMC applied the corresponding adjustments subsequent to the aforementioned Royal Decree Laws entering into force, that is, for the months of November and December 2021 (settled in January and February 2022, respectively).

#### Royal Decree Law 6/2022 and Royal Decree Law 11/2022

On March 29, 2022, Royal Decree Law 6/2022 established the bases for the exceptional decision to update the remuneration parameters for standard facilities applicable in 2022 to certain installations which produce electric energy from renewable sources, cogeneration, and waste, as initially established in Order TED/171/2020.

In order to apply the methodology for updating the remuneration parameters, the regulatory half-period from January 1, 2020 to December 31, 2022 is divided into two regulatory half-periods: the first, from January 1, 2020 to December 31, 2021; and the second, from January 1, 2022 to December 31, 2022.

On June 26, 2022, Royal Decree Law 11/2022 was published in the BOE, adopting and extending certain measures established in response to the economic and social consequences of the war in Ukraine, addressing situations of social and economic vulnerability, and boosting the economic and social recovery of the La Palma island.

Said Royal Decree Laws establish that the exemption for tax on the value of electric energy production for the installations that produce and deliver electricity to the electricity system will exceptionally be extended to 2022. Consequently, calculation of the tax base and the regulated payment installments must be modified in accordance with tax legislation.

Thus, in order to calculate the payment installments corresponding to the four quarters of 2022, the value of electric energy produced and dispatched to the electricity system during 2022 will be zero euros.

Finally, Royal Decree Law 6/2022 establishes that the CNMC, as the body responsible for settlements, will carry out the necessary settlement for adapting the remuneration arising from the specific remuneration scheme, subtracting the amounts not paid for by the installations as a consequence of the suspension of the tax on the value of electric energy production.

The adjustments corresponding to the settlements for the installations were made during 2022 by the CNMC together with the corresponding monthly settlements for energy sales.

#### Order TED/1232/2022

On December 2, 2022, Order TED/1232/2022 was published, updating the remuneration parameters for standard facilities applicable to certain installations that produce electric energy from renewable sources, cogeneration, and waste, applicable for 2022, as established in Royal Decree Law 6/2022.

This updating of the remuneration parameters was carried out taking into account, amongst other matters, an estimated market price for energy amounting to 121.92 €/MW for 2022.

The Company registered the direct impacts of applying this exceptional measure, which mainly comprised the following:

- (i) The recognition of the adjustment for deviations in the market price of electricity for 2022 amounting to 2,274 thousand euros, giving rise to an accumulated balance of 9,444 thousand euros for this item corresponding to the 2020-2022 regulatory period under "Non-current liabilities - Long-term debt - Other financial liabilities" in the accompanying consolidated statement of financial position (see Note 12.4).
- (ii) Recognition of the accumulated estimates for deviations in the market price corresponding to the following regulatory half-periods.
- (iii) Estimating the amounts to be repaid with respect to the settlements received based on the parameters initially established in Order TED/171/2020 for 2022.

The remuneration parameters applicable to the Group's installations are presented in Appendix III.

## **4. ACCOUNTING POLICIES AND MEASUREMENT STANDARDS**

The main recognition and measurement standards used by the Group to prepare the accompanying consolidated financial statements at December 31, 2022 and 2021 are summarized below:

### **a) *Intangible assets (Note 5)***

As a general rule, intangible assets are initially measured at acquisition or production cost. They are subsequently measured at cost less accumulated amortization and impairment losses, if any. Further, intangible assets are amortized over their useful lives.

#### *Operating rights*

As stipulated in prevailing international regulations, the Group performed an analysis of the fair values of the assets acquired and liabilities assumed, recognizing the resulting values as the carrying amounts. Thus, as indicated in Note 2.6 to the accompanying consolidated financial statements, the Group recognized the fair value of those operating rights acquired, and not recognized in the balance sheets of the acquired companies, in the consolidated statement of financial position (unless the acquiring entity and acquired entity were merged by absorption).

Said assets are amortized on a straight-line basis over the useful life of the assets associated with the corresponding photovoltaic solar installation, which is 18 years, counting from the start-up date of the corresponding installation. In summary, said assets correspond to the acquisition price paid to third parties for development of a project until the acquisition date.

*Other intangible assets*

The Group recognized the amounts settled for rights of way in connection with electric energy under this heading. These rights are amortized on a straight-line basis over the term contracted or obtained for operations, which is 35 years. Further, this heading also includes the costs directly attributable to the licenses and administrative authorizations included in the balance sheets of the Group's subsidiaries who acquired photovoltaic projects (assets, contracts, licenses, collection rights, and payment obligations) from third parties.

Intangible assets are derecognized as soon as they are disposed of or no longer in use, or when they are no longer expected to generate economic benefits.

The difference between the amount which is obtained from an asset, net of sales costs, and its carrying amount determines any gains or losses upon derecognition, and is recognized in the consolidated statement of profit or loss for the year to which they relate.

**b) Property, plant, and equipment (Note 6)**

PP&E items are initially measured at acquisition or production cost, subsequently reduced by the corresponding accumulated depreciation and any impairment losses, in accordance with the criteria described below.

Upkeep and maintenance costs for the different PP&E items are taken to the consolidated statement of profit or loss for the period in which they are incurred. However, costs incurred to improve items which contribute to increasing capacity or efficiency, or which extend the useful life of an asset, are capitalized as a greater cost of the related asset.

At the end of the useful life of some of the photovoltaic solar parks the Group must dismantle them. At initial measurement of PP&E items, the Group estimates the current value of the future dismantling, retirement, and restoration costs, increasing the cost of the corresponding asset by the discounted dismantling cost. The Group recognizes a provision as a balancing entry for said valuation. This provision is also financially discounted in subsequent periods (Note 19).

The Group depreciates its PP&E items on a straight-line basis over their respective estimated useful lives, broken down as follows:

	Estimated years of useful life
Plant and other PP&E	18

The useful life indicated is counted from the start-up of the installations (regardless of when the asset was acquired by the Group).

PP&E items are derecognized as soon as they are disposed of or no longer in use, or when they are no longer expected to generate economic benefits.

The difference between the amount which is obtained from a PP&E item, net of sales costs, and its carrying amount determines any gains or losses upon disposal, and is recognized in the consolidated statement of profit or loss for the year to which they relate.

**c) Impairment of intangible assets and property, plant, and equipment (Notes 5 and 6)**

At each consolidated statement of financial position date, the Group reviews the carrying amounts of its intangible assets and PP&E items to determine whether they have suffered any impairment losses. In the case of assets with an indefinite useful life and intangible assets which have not been put to use, this process is carried out at least at each annual closing date. If any such indications are detected, the recoverable amounts are calculated in order to determine the extent of the impairment loss, if any. Where an asset does not generate cash inflows that are independent of those from other assets, the Group estimates the recoverable amount of the

cash-generating unit to which the asset belongs.

The cash-generating units correspond to each of the projects being developed by the Group, that is, to each solar park.

The recoverable amount is considered to be the greater of market value less necessary sales costs or value in use, determined by calculating the present value of estimated future cash flows. The Group generally uses value in use as the parameter for calculating impairment losses unless there is evidence of a purchase-sale transaction, in which case the reference value is the transaction price. It is also worth noting that, if the asset is identifiable and does not generate cash flows independently, the recoverable amount of the cash-generating unit to which the asset belongs is calculated.

In order to quantify value in use, the Group makes estimates for each cash-generating unit generally using a time period corresponding to the useful life of the assets and, based on the most recent budget forecasts and business plans approved by the sole director of the Parent, prepares the forecasts for future cash flows before taxes using the best estimates available for income and costs relating to the cash-generating units. Further, the Group also uses growth rates and macroeconomic hypotheses reasonably based on both corporate forecasts which, based on knowledge of the sector, take past experience into account, and future expectations of the business.

In contrast, to determine the present value of said cash flows, a discount rate is used, before taxes, which reflects the business's cost of capital and the geographical area where it is conducted. The calculation further takes into account the current cost of money and the risk premiums generally used by analysts and investment banks for each specific business and geographical zone. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognized as an expense in the consolidated statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is written up to its newly estimated recoverable amount, so long as the restated carrying amount does not exceed the carrying amount that would have been recognized had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is immediately recognized as income, except in the case of goodwill on consolidation, for which reversal of any possible impairment losses is not permitted.

#### **d) Leases**

The Group adopted IFRS 16 to its entire lease portfolio at the transition date, that is, January 1, 2019, applying the modified simplified retrospective method and thereby substituting IAS 17, which had been applicable until said date. As established in IFRS 16, at the moment of signing a contract, the Group must evaluate whether it is, or includes, an implicit lease, that is, whether the contract transfers the right to control use of an identified asset for a period of time in exchange for consideration or whether a service is being received.

In those cases in which it concludes there is a lease contract in which the Group acts as lessee, the expected lease liabilities arising from future lease payments must be estimated and recognized, including the right-of-use assets. This accounting policy is applied to all lease contracts except for those which are short term (an expected duration of less than 12 months) and those in which the asset is of low value.

All lease contracts to which the Group is party correspond to the land where the photovoltaic installations being operated are located.

The useful life of the leased assets was determined based on the best estimate made by the sole director of the Parent, taking into consideration the contractual characteristics of each agreement (duration, extension rights, etc.). In this manner, when calculating the right-of-use assets the Group considered the extension options included in the lease agreements for the land on which the photovoltaic installations are located based on their regulatory useful lives. Likewise, hypotheses are used to calculate the discount rate, which mainly depends on the amount of debt owed by the Group to third parties.

#### *i. Right-of-use assets (Note 5)*

Right-of-use assets are recognized at the inception date of the lease (that is, the date on which the underlying asset is available for use). They are measured at acquisition cost, less any accumulated amortization and impairment losses, and adjusted by any new measurement of lease liabilities. The cost of right-of-use assets



includes the carrying amounts of lease liabilities recognized, direct initial costs incurred, and lease payments made prior to or on the lease inception date less the lease incentives received. The right-of-use assets are amortized on a straight-line basis over the term of the lease or, if this is shorter than their estimated useful life and the Group has the unilateral right to extend the lease, over said useful life.

The estimated useful life of the leased assets relating to the land on which the photovoltaic installations are located is determined based on the duration of the regulatory useful life of said installations.

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost is reflected in the exercise of a purchase option, amortization is calculated utilizing the estimated useful life of the asset.

The right-of-use assets are also subject to impairment (Notes 4.a and 4.c).

*ii. Lease liabilities (Note 12.2)*

Lease liabilities are recognized at the inception date of the lease, measured at the present value of the lease payments to be made during the lease term. The lease payments include fixed payments less any lease incentive to be collected, variable payments which depend on an index or rate, and amounts expected to be paid in connection with guarantees relating to residual value. Lease payments also include the exercise price of the purchase options reasonably certain to be exercised.

The payments for variable leases which do not depend on an index or a rate are recognized as expenses for the period in which the event or circumstance triggering payment occurs.

When calculating the present value for lease payments, the Group utilizes its lease debt ratio at the inception date as the implicit interest rate of the lease is not easily determined. Subsequent to the inception date, the carrying amounts of lease liabilities are increased to reflect the accumulation of interest, and reduced by the lease payments made.

In addition, the carrying amounts of the lease liabilities are remeasured if there is any modification such as a change in the lease term or lease payments (for example, changes in future payments resulting from a change in the index or rate utilized to determine said lease payments) or a change in the evaluation of a purchase option for the underlying asset.

The Group's lease liabilities are included under other non-current and current borrowings in the accompanying consolidated statement of financial position. Likewise, these financial liabilities accrue interest which is recognized under "Other finance costs" in the accompanying consolidated statement of profit or loss.

**e) Financial instruments (Notes 7 and 12)**

*Financial assets*

*i. Classification*

The classification of financial assets is determined at initial recognition based on the following categories:

- i) Debt instruments classified at amortized cost: these items correspond to investments in debt which is held within a business model whose objective is to obtain the contractual cash flows that solely consist of payments of principal and interest, generally measured at amortized cost.
- ii) Debt instruments classified at fair value through other comprehensive income: when the debt instruments are held within a business model whose objective is to obtain contractual cash flows consisting of principal and interest as well as the sale of financial assets, generally measured at fair value with changes in other comprehensive income.
- iii) Equity instruments designated at fair value through other comprehensive income: these items correspond to equity instruments for which the Group irrevocably opts to present the subsequent changes in fair value in "Other comprehensive income."
- iv) Financial assets at fair value through consolidated profit or loss: investments in debt and equity which

do not fulfill the requirements to be classified in any of the above categories are measured at fair value through consolidated profit or loss.

Thus, at December 31, 2022 and 2021 all the financial assets held by the Group are classified within the category of "Debt instruments classified at amortized cost." The Group classifies the following items under this category:

- Trade receivables whose amortized cost does not significantly differ from their initial nominal or fair value.
- Security deposits and guarantees recognized, whose amortized cost does not significantly differ from their nominal value.

The amortized cost of a financial asset is calculated as the carrying amount of the financial asset at initial recognition less reimbursements of cash flows, plus the accumulated discounting utilizing the effective interest rate method, adjusted by any impairment losses. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting by any provision recognized for impairment losses.

*ii. Initial measurement*

The Group's financial assets are initially recognized at the fair value of the consideration delivered plus directly attributable transaction costs.

*iii. Subsequent measurement*

The Group's financial assets are subsequently measured at amortized cost.

At least at year end the Group tests its financial assets not measured at fair value for impairment. Objective evidence of impairment is deemed to exist when the recoverable amount of a financial asset is less than its carrying amount. When this occurs, the impairment losses are recognized in the consolidated statement of profit or loss.

Specifically, with respect to impairment losses relating to trade and other receivables, the criteria used by the Group to calculate the corresponding adjustments, if any, is to perform an individualized analysis at the end of each reporting period with a view to identifying possible accounts receivable that may be impaired.

The Group derecognizes financial assets when the contractual rights to the cash flows from the financial asset expire or are transferred, which implies substantially transferring all the risks and rewards incidental to ownership of the financial asset; this is the case in firm asset sales, trade receivable factoring transactions in which the Group retains neither credit risk nor interest rate risk, sales of financial assets with an agreement to repurchase them at their fair value, and securitizations in which the transferring entity neither retains subordinated financing nor grants any form of guarantee nor assumes any other type of risk.

*Financial liabilities*

Financial liabilities correspond to those trade and other payables recognized by the Group that have arisen from the purchase of goods and services in the normal course of the Group's business or those which, while not having commercial substance, cannot be classified as derivative financial instruments.

Trade and other payables are initially measured at the fair value of the consideration received, adjusted by directly attributable transaction costs. Subsequently, said liabilities are measured at amortized cost.

In contrast, current and non-current loans are presented at their repayment value. Any implicit interest paid and included, both in the nominal value and repayment value, is considered a direct deduction from the nominal value of the debt. Said interest is calculated by using financial methods based on the duration of the financial borrowings. When the debt matures, the principal liability is derecognized. Any difference between the liability recognized and the amount paid is included in the consolidated statement of profit or loss under finance costs.

The Group derecognizes financial liabilities once the obligations that gave rise to them have been extinguished.

The fair value of financial instruments recorded as assets or liabilities and not recognized at fair value does not

differ significantly from their carrying amount.

**f) Cash and cash equivalents (Note 10)**

This heading of the consolidated statement of financial position includes cash in hand, sight deposits, and other highly liquid short-term investments which mature in less than 3 months, can be readily converted into cash, and are not exposed to the risk of changes in value.

**g) Corporate income tax (Note 13)**

Income tax payable or receivable comprises current tax payable or receivable as well as deferred tax expenses or income.

Current tax is the amount settled by the Group in respect of the corporate income tax returns filed for the period. Deductions and other tax relief applicable to payable taxes, excluding withholdings and payments on account, are accounted for as a reduction in current tax. Similarly, tax loss carryforwards from prior years effectively applied in the current reporting period also reduce current tax.

Deferred tax expense or income corresponds to the recognition and cancellation of deferred tax assets and liabilities. These include the temporary differences, identified as those amounts expected to be payable or recoverable, arising from the difference between the carrying amounts of assets and liabilities and their tax bases, as well as any unused tax loss carryforwards and unused tax credits. These amounts are recognized at the tax rates that are expected to apply when the corresponding temporary differences or tax credits are realized or 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 profit (loss) nor taxable profit (tax loss), and those associated with investments in subsidiaries, associates, and jointly controlled entities in which the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

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

Deferred tax assets and liabilities arising from transactions involving direct credits or debits to equity headings are also accounted for with a balancing entry in equity.

Recognized deferred tax assets are reassessed at the end of each reporting period and the appropriate adjustments are made when there are doubts as to their future recoverability. Deferred tax assets not recognized in the consolidated statement of financial position are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow them to be recovered.

From January 1, 2017 the Group companies started to file their tax returns under the special consolidated tax regime regulated by Law 27/2014, of November 27, on corporate income tax (Chapter VI). Sonnedix España Equityco, S.L. (sole shareholder company) is the tax representative of the tax group comprising all companies listed in Appendix I, with the exception of those subsidiaries whose registered tax address is outside Spanish territory and who consequently settle their tax returns individually in accordance with the tax regulations applicable to them.

Filing tax returns under the special tax consolidation regime involves determining the Group's tax result taken as a whole together with any deductions and tax rebates. For tax purposes, a group of companies is understood to be made up of the Parent and the subsidiaries located in Spanish territory in which the Parent directly or indirectly holds at least 75% of their share capital and who meet the requirements established for inclusion in this special regime.

The distribution of the tax burden is carried out as agreed upon by all the companies that belong to the tax consolidation group, respecting the stipulations of the accounting standards issued by the ICAC.

**h) Income and expenses (Note 15)**

Income and expenses are recognized in accordance with the accruals principle, that is, at the moment the goods or service transactions represented by them take place, regardless of when actual payment or collection occurs. Said income is measured at the fair value of the consideration received less discounts and taxes.

Sales revenue is recognized when the Group has transferred the significant risks and rewards incidental to ownership of the sold item to the buyer, and retains neither continuing managerial involvement nor effective control over the goods sold.

Interest income on financial assets is recognized using the effective interest rate method, while dividends are recognized when the right to receive them is established. At any rate, interest and dividend income accrued on financial assets after their date of acquisition are recognized as revenue in the consolidated statement of profit or loss.

The Group's revenue is practically all generated through the sale of electric energy produced by the photovoltaic solar power plants it owns.

**i) Provisions and contingencies (Note 19)**

In drawing up the consolidated financial statements, the Parent's sole director distinguished between:

- Provisions: liabilities recognized to cover a present obligation arising from past events, of uncertain timing and/or amount, the settlement of which is expected to result in an outflow of resources embodying economic benefits.
- Contingent liabilities: possible obligations that arise as a consequence of past events, future materialization of which depends on one or more future events occurring not within the control of the Group.

The consolidated statement of financial position includes all provisions for which it is considered more likely than not that the corresponding obligation will have to be settled. Contingent liabilities are not recognized in the consolidated statement of financial position, but are disclosed in the accompanying notes to the consolidated financial statements to the extent the probability of them materializing is not considered remote.

Provisions are measured at the present value of the best estimate possible for the amount required to settle or transfer the obligation, taking into account the information available concerning the obligating event and its consequences, and recognizing a finance expense for the adjustments which accrue when updating said provisions in accordance with estimates made at each reporting date.

With respect to the exemption from tax on the value of electricity production described in Note 3, at December 31, 2022 the Group recognized the corresponding provision for this item in an amount of 4,321 thousand euros (2021: 3,919 thousand euros), as the sole director of the Parent considers that said suspension represents a real and probable tax obligation (Notes 8 and 15).

**j) Environmental assets and liabilities**

Environmental assets are classified as those the Group utilizes in its activities over a long period of time whose primary purpose is to minimize the environmental impact of these activities and protect or improve the environment, including those assets designed to reduce or eliminate future contamination.

The Group's activities, by their very nature, do not have a significant impact on the environment. In sum, given the business activities performed by the Group, it has no environmental liabilities, expenses, assets, provisions or contingencies that could be material in respect of its equity, financial position or performance. Therefore, no specific disclosures relating to environmental issues are included in these notes to the accompanying consolidated financial statements, except for those relating to the provision described in Note 19.

**k) Transactions with related parties (Note 14)**

The Group conducts all related-party transactions on an arm's length basis. In addition, transfer prices are duly documented so that the Parent's sole director considers that there are no related significant risks that could give

rise to material liabilities in the future. The transactions carried out with Group companies were eliminated upon consolidation.

**l) Classification as current and non-current**

Assets and liabilities are classified in the consolidated statement of financial position as current or non-current. To this end, current assets and liabilities include: the assets and liabilities associated with the Group's operating cycle to the extent it is expected that they will be sold, consumed, realized or settled within the normal course of that cycle; other assets and liabilities that are expected to mature or be sold or settled within one year; assets and liabilities that are held for trading, other than non-current derivatives; and cash and cash equivalents. All other assets and liabilities are classified as non-current.

As an exception to the above, all deferred tax assets and liabilities are recognized as non-current assets and liabilities.

**m) Information by segments (Note 20)**

The operating segments have been determined using the "management approach," which requires the presentation of segments on the basis of internal reports about the components of the Group that are analyzed regularly by the Group's "chief operating decision-maker" with a view to deciding upon which resources must be assigned to the segment and evaluating profitability.

**n) Consolidated cash flow statement**

The following terms are used in the consolidated cash flow statement with the meanings indicated below:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term and highly liquid investments subject to insignificant risk of changes in value;
- Operating activities: the principal revenue-producing activities of the Group and other activities that cannot be classified as investments or financing;
- Investing activities: the acquisition, sale or other disposal of long-term assets and other investments not included in cash and cash equivalents;
- Financing activities: activities resulting in changes in the size and composition of equity and liabilities that do not form part of operating activities.

**o) Consolidated statement of changes in equity**

The accompanying consolidated statement of changes in equity shows the movements in consolidated equity accounts arising during the year. This information is in turn broken down into two parts: the consolidated statement of comprehensive income and the consolidated statement of changes in equity. The main features of the disclosures included in both statements are described below:

Consolidated statement of comprehensive income

This statement presents the income and expenses generated by the Group as a result of its business activity in the year and a distinction is made between the income and expenses recognized in the consolidated statement of profit or loss for the period and other income and expenses recognized, in accordance with current regulations, directly in equity.

Accordingly, these statements present:

- a) Profit as per the consolidated statement of profit or loss
- b) Income and expenses which must be directly recognized in consolidated equity as required by measurement standards
- c) The transfers made to the consolidated statement of profit or loss, in keeping with adopted measurement standards

- d) The corresponding tax effect, if any, of the letters b) and c) above
- e) Total recognized income and expenses, calculated as the sum of all the above.

Consolidated statement of changes in equity

The consolidated statement of changes in equity presents all the movements in consolidated equity accounts, including those arising from changes in accounting criteria and corrections of misstatements, if any. This statement therefore reconciles the carrying amounts at the start and end of the period of all the items composing consolidated equity, grouping the movements into the following categories in accordance with their nature:

- a) Total recognized income and expense: shows the aggregate total of the aforementioned items recognized in the consolidated statement of comprehensive income
- b) Transactions with partners: shows the changes in consolidated equity arising from subscriptions and redemptions carried out, if any, during the year
- c) Other changes in equity: shows the remaining items recognized in consolidated equity, such as appropriation of results, transfers among equity items, and any other increase or decrease in consolidated equity.

**5. INTANGIBLE ASSETS**

The heading "Operating rights" in the accompanying consolidated statement of financial position presents the net cost of operating rights acquired by acquisition of companies through business combinations, amounting to 19,963 thousand euros at December 31, 2022 (2021: 23,589 thousand euros).

In contrast, as a result of the process for measuring the costs directly attributable to licenses and administrative authorizations included in the assets transferred during prior years, the Group recognized a net amount of 3,018 thousand and 3,884 thousand euros for this item under "Other intangible assets" in the accompanying consolidated statements of financial position at December 31, 2022 and 2021, respectively.

Likewise, "Other intangible assets" also records the intangible asset corresponding to rights-of-way in connection with the land on which the photovoltaic installations of the Villacarrillo, Isnaloz, and Alhama projects are located in the amounts of 254 thousand and 274 thousand euros at 2022 and 2021 year end, respectively.

Finally, and in accordance with the stipulations of IFRS 16, the Group's consolidated statement of financial position includes the right-of-use assets arising from the lease agreements for the land not owned by the Group on which the photovoltaic installations are located. The amount recognized by the Group totaled 11,761 thousand euros at December 31, 2022 (2021: 12,328 thousand euros).

Thus, the breakdown for this heading in the consolidated statement of financial position, as well as a summary of transactions carried out during 2022 and 2021, follows:

**2022**

	Thousands of euros			
	Opening balance	Additions (Note 15.e)	Derecognitions	Closing balance
Cost:				
Operating rights	45,311	-	-	45,311
Right-of-use in leases	14,028	-	-	14,028
Other intangible assets	9,405	-	-	9,405
<b>Total cost</b>	<b>68,744</b>	<b>-</b>	<b>-</b>	<b>68,744</b>
Accumulated amortization:				
Operating rights	(21,722)	(3,626)	-	(25,348)
Right-of-use in leases	(1,700)	(567)	-	(2,267)
Other intangible assets	(5,247)	(886)	-	(6,133)
<b>Total accumulated amortization</b>	<b>(28,669)</b>	<b>(5,079)</b>	<b>-</b>	<b>(33,748)</b>
Impairment losses	-	-	-	-
<b>Total net intangible assets</b>	<b>40,075</b>	<b>(5,079)</b>	<b>-</b>	<b>34,996</b>

## 2021

	Thousands of euros			
	Opening balance	Additions (Note 15.e)	Derecognitions	Closing balance
Cost:				
Operating rights	45,311	-	-	45,311
Right-of-use in leases	14,028	-	-	14,028
Other intangible assets	9,405	-	-	9,405
<b>Total cost</b>	<b>68,744</b>	<b>-</b>	<b>-</b>	<b>68,744</b>
Accumulated amortization:				
Operating rights	(18,095)	(3,627)	-	(21,722)
Right-of-use in leases	(1,134)	(566)	-	(1,700)
Other intangible assets	(4,361)	(886)	-	(5,247)
<b>Total accumulated amortization</b>	<b>(23,590)</b>	<b>(5,079)</b>	<b>-</b>	<b>(28,669)</b>
Impairment losses	-	-	-	-
<b>Total net intangible assets</b>	<b>45,154</b>	<b>(5,079)</b>	<b>-</b>	<b>40,075</b>

### a) Amortization and impairment

The charge to the consolidated statement of profit or loss for 2022 corresponding to amortization of intangible assets amounted to 5,079 thousand euros (2021: 5,079 thousand euros) (Note 15.e).

At December 31, 2022 and 2021, the Group assessed its intangible assets for the presence of any indications, both external as well as internal, which would require the performance of an impairment test. Subsequent to this analysis, the sole director of the Parent considered that no such indications were detected, thus concluding that there was no need to review the carrying amounts of intangible assets or perform any related impairment tests at December 31, 2022 and 2021.

At 2022 and 2021 year end, the Group had not fully amortized any of its intangible assets.

### b) Other information

The operating rights recognized in the accompanying consolidated statement of financial position represent the fair value of the acquired operating rights.

At December 31, 2022 and 2021, the Group does not have any intangible assets in progress.

All of the Group's intangible assets are directly associated with operations at December 31, 2022 and 2021.

At December 31, 2022, there were no intangible assets encumbered by guarantees, and neither had the Company received any subsidies for acquisition of the assets recognized.

Finally, at 2022 and 2021 year end the Group had no investment commitments with respect to intangible assets.

## 6. PROPERTY, PLANT, AND EQUIPMENT

The breakdown for this heading in the consolidated statement of financial position, as well as a summary of transactions carried out during 2022 and 2021, is as follows:

### 2022

	Thousands of euros			
	Opening balance	Additions	Derecognitions	Closing balance
Cost:				
Land and buildings	1,386	-	-	1,386
Plant	318,193	493	(1,119)	317,567
Other PP&E items	358	-	-	358
<b>Total cost</b>	<b>319,937</b>	<b>493</b>	<b>(1,119)</b>	<b>319,311</b>
Accumulated depreciation:				
Plant	(173,028)	(29,526)	853	(201,701)
Other PP&E items	(5)	-	-	(5)
<b>Total accumulated depreciation</b>	<b>(173,033)</b>	<b>(29,526)</b>	<b>853</b>	<b>(201,706)</b>
<b>Total net PP&amp;E</b>	<b>146,904</b>	<b>(29,033)</b>	<b>(266)</b>	<b>117,605</b>

## 2021

	Thousands of euros			
	Opening balance	Additions	Derecognitions	Closing balance
Cost:				
Land and buildings	1,386	-	-	1,386
Plant	317,946	247	-	318,193
Other PP&E items	358	-	-	358
<b>Total cost</b>	<b>319,690</b>	<b>247</b>	<b>-</b>	<b>319,937</b>
Accumulated depreciation:				
Plant	(143,577)	(29,451)	-	(173,028)
Other PP&E items	(5)	-	-	(5)
<b>Total accumulated depreciation</b>	<b>(143,582)</b>	<b>(29,451)</b>	<b>-</b>	<b>(173,033)</b>
<b>Total net PP&amp;E</b>	<b>176,108</b>	<b>(29,204)</b>	<b>-</b>	<b>146,904</b>

The balance recognized under "Plant" in the accompanying consolidated statement of financial position at December 31, 2022 and 2021 mainly reflects the costs of the photovoltaic solar installations disclosed in Appendix II to these explanatory notes.

In addition, "Land and buildings" records the cost of the land on which some of the Group's photovoltaic installations are located, amounting to 1,386 thousand euros at 2022 and 2021 year end.

### a) **Additions and derecognitions of PP&E**

Additions were recognized during 2022 under "Plant" amounting to 493 thousand euros (2021: 247 thousand euros) in connection with the improvements the Group carried out at some of its photovoltaic installations.

During 2022, PP&E items were derecognized in connection with the improvements carried out at the aforementioned photovoltaic installations. The Group decided to derecognize those PP&E items from its consolidated statement of financial position which had been retired, leading to a loss of 254 thousand euros in 2022 (Note 15.f). The Group did not derecognize any PP&E items in 2021.

### b) **Depreciation and impairment losses**

The depreciation allowance for PP&E items recognized by the Group in the consolidated statement of profit or loss at December 31, 2022 and 2021 amounted to 29,526 thousand and 29,451 thousand euros, respectively (Note 15.e).

At December 31, 2022 and 2021 the Group assessed its PP&E items for the presence of any indications, both external as well as internal, which would require the performance of an impairment test. Subsequent to this analysis, the sole director of the Parent considered that no such indications were detected, thus concluding that there was no need to review the carrying amounts of PP&E items or perform any related impairment tests at December 31, 2022 and 2021.

At 2022 and 2021 year end, the Group had not fully depreciated any significant PP&E items.

### c) **Other information**

At December 31, 2022 and 2021, the Company did not recognize any work in progress for any of its PP&E items.

All of the Group's PP&E items are located in Spain and are directly associated with operations at December 31, 2022 and 2021.

At 2022 and 2021 year end the Group had no significant investment commitments with respect to PP&E.

It is the Group's policy to subscribe insurance policies to cover the potential risks to which its PP&E items are exposed. At 2022 and 2021 year end the potential risks were fully covered by the contracted insurance.



## 7. NON-CURRENT AND CURRENT FINANCIAL INVESTMENTS

The breakdown of financial investments at December 31, 2022 and 2021 is as follows:

	Thousands of euros	
	12/31/2022	
	Non-current financial instruments	Current financial instruments
Financial investments	1,161	19,778
	<b>1,161</b>	<b>19,778</b>

	Thousands of euros	
	12/31/2021	
	Non-current financial instruments	Current financial instruments
Financial investments	1,649	18,888
	<b>1,649</b>	<b>18,888</b>

### ***Financial investments***

The Group recognized a non-current balance of 1,161 thousand euros at December 31, 2022 in the consolidated statement of financial position under "Financial investments," corresponding to guarantees and long-term security deposits (2021: 1,147 thousand euros). Likewise, at 2021 year end the Company also recognized a balance of 502 thousand euros under this heading, corresponding to the theoretical tax on the value of electric energy production as calculated based on the provision for deviations in the market price recognized under "Non-current liabilities - Other financial liabilities" in the accompanying consolidated statement of financial position (Notes 3 and 12.4).

### ***Current financial investments***

The balance recognized under "Current assets - Financial investments" in the consolidated statement of financial position at December 31, 2022 mainly includes an amount of 19,693 thousand euros (2021: 18,886 thousand euros) corresponding to the balances held with financial entities which constitute a "Debt Service Reserve Fund" and a "Maintenance Reserve Fund." Likewise, a balance of 85 thousand euros was recognized under this heading at December 31, 2022, corresponding to guarantees and short-term security deposits.

Said items represent the restricted cash balances which will be maintained by the subsidiaries in accordance with the requirements established in the framework contracts for the secured bond issue ("Selene Bond") as a guarantee for payments to be made in the coming months (Note 12.1).

## 8. TRADE RECEIVABLES

"Trade receivables" in the consolidated statement of financial position mainly records the amount owed as a consequence of the sale of electric energy produced by the solar power plants, amounting to 3,332 thousand euros at December 31, 2022 (2021: 11,349 thousand euros). The collection of said amounts will be made over the coming 12 months.

At December 31, 2022 and 2021, no impairment losses were recognized for these accounts receivable.

At December 31, 2022, the Group recognized a provision by reducing the balance for trade receivables by 4,321 thousand euros in connection with the temporary suspension of the tax on the value of electric energy production (Note 3). The sole director of the Parent expects that said provision will be liquidated in the short term.

## 9. FINANCIAL RISK MANAGEMENT POLICY

To manage its financial risk, the Group uses economic forecasts to review its business plans and evaluate the relationship between the risk exposure and present value of cash flows generated by an investment, as well as

taking an accounting approach to assess the various risk situations dynamically and statically.

The sole director of the Parent has established the necessary control mechanisms with respect to credit risk and liquidity risk.

The general exposure to adverse situations in which negative deviations may arise for the results or financial performance of the Group, consequently generating risks which must be managed to mitigate their possible effects, is as follows:

- **Liquidity risk**
- **Credit risk**
- **Other market risks: price risk**

The monitoring and control of these risks is performed periodically as described below:

**a) Liquidity risk**

Liquidity risk is defined as the risk that a company will not be able to service its commitments as a result of adverse conditions in the debt and/or equity markets that prevent or hinder its efforts to raise capital.

The Group manages liquidity risk by maintaining sufficient cash balances to enable it to negotiate upcoming refinancing agreements on the best possible terms and to cover its short-term cash outlays, thereby avoiding the need to raise funds on disadvantageous terms. Liquidity risk coverage is considered adequate when the Company can avail itself of a minimum amount of available financing equivalent to six months of debt servicing.

**b) Credit risk**

Within the area of financial transactions, credit risk arises as a result of the counterparty not being able to meet contractually established obligations. When contracted operations can generate counterparty risk for certain subsidiaries, the Group's policy is to contract said operations with counterparties who enjoy a credit rating equal to or better than those of the Sonnedix Group.

The Group held accounts receivable from highly solvent companies during 2022 and 2021, such as:

- Electricity distribution companies which purchase the electricity produced, though it is invoiced to and collected from the CNMC and the market agents.

As of January 1, 2014, all participants in the settlement system must bear the temporary imbalances between revenue and electricity system costs. Thus, the CNMC may not pay 100% of the monthly settlements, so that the group companies, as recipients of system costs, become the parties financing these temporary imbalances.

At December 31, 2022, the CNMC settled 99.25% (2021: 90.89%) of the specific regulated remuneration for investment and operation accrued until the month of October.

Thus, the sole director of the Parent considers the likelihood of said credit risk materializing as remote. In addition, the sole director considers that, taking into account an annualized perspective of cash flows generated by the projects, working capital at present available to the Group, together with the expected cash flows from coming months, will be sufficient to meet financial obligations contracted in the short term.

At year end, there were no significant financial assets in arrears for which no impairment losses had been recognized.

**c) Other market risks: price risk**

In addition to the financial risks described in the previous section, there are operational risks which are mainly related to the risk of changes in the sales prices of electric energy generated.

As established in Note 3 to the accompanying consolidated financial statements, the remuneration system for energy from renewable sources, cogeneration, and waste shall be based on the facilities' necessary participation in the market, supplementing, if necessary, market revenue with specific regulated remuneration, thereby allowing these technologies to compete on an equal footing with the remaining technologies in the market. This specific complementary remuneration shall be sufficient to reach the minimum level required to cover costs that, unlike with conventional technologies, cannot be recovered in the market, thus allowing for reasonable returns based on a standard installation in each applicable case.

## 10. CASH AND CASH EQUIVALENTS

The breakdown of this heading in the consolidated statement of financial position at December 31, 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Cash and cash equivalents	24,954	18,354
	<b>24,954</b>	<b>18,354</b>

This heading of the consolidated statement of financial position includes cash in hand, sight deposits, and other highly liquid short-term investments which mature in less than 3 months, can be readily converted into cash, and are not exposed to the risk of changes in value.

As a general rule, the cash balances accumulated bear interest at market rates. There are no significant restrictions for use of cash and cash equivalents apart from the cash balance recognized for the projects that are already operational (Note 7).

Likewise, neither are there any significant differences between the carrying amounts and market values of the cash and cash equivalents recognized.

## 11. EQUITY

### a) *Share capital*

At December 31, 2022 and 2021, Sonnedix Luxembourg Holdco 2 SARL is the sole partner of Sonnedix España Equityco, S.L. The share capital of the Parent amounts to 3 thousand euros, represented by 3,000 participation units at a nominal value of one euro each.

The ultimate purpose of the share capital is none other than to allow for financing the development plan designed by the sole director of the Parent and ensure an appropriate remuneration policy for the partner.

### b) *Share premium of the Parent*

During 2022, Sonnedix Luxembourg Holdco 2 SARL approved the following partial reductions and distributions of the share premium of Sonnedix España Equityco, S.L. for a total amount of 171 thousand euros:

- Repayment of the share premium via disbursement of cash in the amount of 171 thousand euros on March 4, 2022.

During 2021, Sonnedix Luxembourg Holdco 2 SARL approved the following partial reductions and distributions of the share premium of Sonnedix España Equityco, S.L. for a total amount of 23,159 thousand euros:

- Repayment of the share premium via disbursement of cash in the amount of 8,384 thousand euros on March 2, 2021.
- Repayment of the share premium via disbursement of cash in the amount of 14,775 thousand euros on September 2, 2021.

### c) **Legal reserve of the Parent Company**

In accordance with the revised text of the Spanish Corporate Enterprises Act, 10% of profit must be transferred to the legal reserve each year until it represents at least 20% of 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. Except for this purpose, until the legal reserve exceeds the limit of 20% of share capital, it can only be used to compensate losses, provided there are no other reserves available for this purpose.

At December 31, 2022 and 2021, the legal reserve had been fully set aside in the amount of 0.6 thousand euros, which is equivalent to 20% of the Parent's share capital.

### d) **Other owner contributions**

During 2022, Sonnedix Luxembourg Holdco 2 SARL approved the following owner contributions to Sonnedix España Equityco, S.L. for a total amount of 944 thousand euros:

- Owner contribution via disbursement of cash in the amount of 944 thousand euros on November 11, 2022.

## 12. **FINANCIAL LIABILITIES**

The breakdown of the Group's financial liabilities at December 31, 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
<b>Non-current financial liabilities:</b>		
<b>Trade and other payables:</b>		
Bonds and other marketable securities (Note 12.1)	251,682	270,693
<i>Bonds and other marketable securities (principal)</i>	253,558	272,850
<i>Debt arrangement expenses</i>	(1,875)	(2,157)
Other borrowings (Note 12.2)	11,561	11,949
Borrowings from group companies and associates (Note 14)	4,477	23,736
Other financial liabilities (Note 12.4)	9,444	7,171
	<b>277,164</b>	<b>313,549</b>
<b>Current financial liabilities:</b>		
<b>Trade and other payables:</b>		
Bonds and other marketable securities (Note 12.1)	19,293	18,609
Other borrowings (Note 12.2)	795	784
Payables to group companies and associates (Note 14)	193	5,935
Trade payables to group companies (Note 14)	2,131	1,418
Other payables (Note 12.3)	594	847
	<b>23,006</b>	<b>27,593</b>

### 12.1 **Bonds and other marketable securities**

On June 22, 2016, the Group subsidiary, Sonnedix Finance, S.A., agreed upon a secured bond issue ("the Selene Bond"), mainly used to refinance the outstanding debts of Group companies.

The face value of the issue amounted to 404,400 thousand euros, set to mature on June 30, 2036 with repayments to be made every six months. The bond accrues interest at an annual nominal rate of 3.195%, payable on a six-monthly basis. The first principal and interest payments were settled on January 2, 2017. Subsequent payments fall due on June 30 and December 31 of each year.

At December 31, 2022, "Bonds and other marketable securities" included balances amounting to 253,558 thousand and 19,293 thousand euros, corresponding to non-current and current balances, respectively. In addition, at 2022 year end an amount of 1,875 thousand euros was recognized for debt arrangement expenses, calculated by netting the nominal amounts of non-current bonds and other marketable securities.

At December 31, 2021, "Bonds and other marketable securities" included balances amounting to 272,850 thousand and 18,609 thousand euros, corresponding to non-current and current balances, respectively. In addition, at 2021 year end an amount of 2,157 thousand euros was recognized for debt arrangement expenses, calculated by netting the nominal amounts of non-current bonds and other marketable securities.

The interest accrued by the Group corresponding to the Selene Bond financing during 2022 amounted to 9,149

thousand euros (2021: 9,728 thousand euros). All of this amount was settled at December 31, 2022, with the Group companies consequently not recognizing accrued interest payable at year end (Note 15.g).

Likewise, during 2022 the Group amortized principal on the Selene Bond in the amount of 18,609 thousand euros (2021: 17,956 thousand euros).

The Parent and its subsidiaries have pledged their participation units in guarantee, making them liable for the obligations arising from the bond issue in respect of the full amount of their equity. The breakdown of the guarantor companies is as follows:

Guarantor companies	
Siluendor Plano, S.L. Unified Group, S.L. Cruanorna, S.L. Diversia Solar, Proyectos y Explotaciones Solares, S.L.U. Sociedad de Explotación Fotovoltaica Omega, S.L.U. Gपालencos, S.L. Fotovoltaica la Gamonosa, S.L.U. Global Atreo, S.L.U. J.B. Solar Malagón, S.L. Sonnexix España SPV IV, S.L. Sonnexix España SPV V, S.L. Sonnexix España SPV VIII, S.L. Sonnexix España SPV IX, S.L. Sonnexix España SPV XI, S.L. Sonnexix España SPV XII, S.L. Sonnexix España SPV XIII, S.L. Arroyo Solar, S.L. Sonnexix España SPV XXI, S.L. Sonnexix España Power España I B.V. Sonnexix España Power España II B.V. Sonnexix España Power España I B.V., S.L.U. Sonnexix España Solar España Finance, S.L.U.	Sonnexix España SPV XXII, S.L. Sonnexix España SPV XXIII, S.L. Sonnexix España SPV XXIV, S.L. Sonnexix España SPV XXV, S.L. Proyectos Integrados Renovables, 2, S.L.U. Parque Solar Caudete, S.L. Capur Business, S.L. Bujía Solar, S.L.U. Acacia Instalaciones Fotovoltaicas, S.L.U. Villanueva Cosolar, S.L. Sonnexix España Solar Acula S.L.U. Sonnexix España Solar Alhama de Granada, S.L.U. Sonnexix España Solar Isnaloz, S.L.U. Sonnexix España Solar Pedro Martínez, S.L.U. Sonnexix España Solar Villamesias, S.L.U. Sonnexix España Solar Alcudia S.L.U. Vermarozul, S.L.U. Sonnexix España SPV XIV, S.L.U. Sonnexix España SPV XV, S.L.U. Sonnexix España Holdings, S.L.U. Sonnexix España Equityco, S.L.U. Sonnexix España Solarfin, S.L.U.

The bond issue deed establishes early repayment clauses for the following circumstances: (i) any non-payment, unless non-payment is due to administrative reasons and payment is made within 3 business days subsequent to the amortization date; (ii) the debt service coverage ratio for all companies financed with the bond falls below 1.05x; or (iii) regulatory changes are introduced which could result in a reduction of EBITDA by 15% or more.

During 2022 and 2021, the Group was in compliance with the obligations arising from the Selene Bond issue contract.

The breakdown by maturity of financial debt at December 31, 2022 and 2021 is as follows:

## 2022

	Thousands of euros						
	2023	2024	2025	2026	2027	2028 and beyond	Total
Bonds and other	19,293	19,990	20,684	21,392	22,116	169,376	272,851
	<b>19,293</b>	<b>19,990</b>	<b>20,684</b>	<b>21,392</b>	<b>22,116</b>	<b>169,376</b>	<b>272,851</b>

## 2021

	Thousands of euros						
	2022	2023	2024	2025	2026	2027 and beyond	Total
Bonds and other	18,609	19,293	19,990	20,684	21,392	191,491	291,459
	<b>18,609</b>	<b>19,293</b>	<b>19,990</b>	<b>20,684</b>	<b>21,392</b>	<b>191,491</b>	<b>291,459</b>

## 12.2 Other non-current and current borrowings

The breakdown of the Group's other non-current and current financial debt at 2022 and 2021 year end is as follows:

	Thousands of euros	
	2022	2021
Other non-current borrowings	11,561	11,949
Other current borrowings	795	784
	<b>12,356</b>	<b>12,733</b>

In accordance with IFRS 16, at year end the Group mainly recognized the non-current and current financial debt corresponding to the lease agreements under these headings in the consolidated statement of financial position, amounting to a total of 12,349 thousand euros in 2022 (2021: 12,726 thousand euros).

The movements in liabilities recognized due to application of IFRS 16 at December 31, 2022 and 2021 are as follows:

	Thousands of euros				
	12/31/2022				
	Balance at 1/1/2022	Additions due to new contracts	Financial discounting (Note 15.g)	Rental payments	Balance at 12/31/2022
Lease liabilities	12,726	-	384	(761)	12,349
	<b>12,726</b>	-	<b>384</b>	<b>(761)</b>	<b>12,349</b>

	Thousands of euros				
	12/31/2021				
	Balance at 1/1/2021	Additions due to new contracts	Financial discounting (Note 15.g)	Rental payments	Balance at 12/31/2021
Lease liabilities	13,128	-	403	(805)	12,726
	<b>13,128</b>	-	<b>403</b>	<b>(805)</b>	<b>12,726</b>

## 12.3 Other accounts payable

### Other payables

At December 31, 2022, the Group recognized an amount of 568 thousand euros (2021: 847 thousand euros) under "Trade and other payables - Other payables" in the accompanying consolidated statement of financial position, mainly corresponding to the amounts pending payment to third parties in connection with advisory services received for tax, technical, and legal matters, including audit fees.

## 12.4 Other non-current financial liabilities

Article 22 of Royal Decree 413/204 establishes the mechanism for adjusting regulated remuneration in connection with deviations from the estimated electricity market prices (Note 3).

By virtue of said article, at December 31, 2022 the Group recognized a balance of 9,444 thousand euros under "Other financial liabilities" in the accompanying consolidated statement of financial position (2021: 7,171 thousand euros), corresponding to the remuneration adjustment receivable, which will be settled over the remaining regulatory useful life of the assets.

Said amount arises from the difference between the market price estimated by the CNMC for calculating the remuneration parameters for each regulatory half-period and the real market price of energy.

## 12.5 Information on average payment periods for suppliers

The Group's average supplier payment periods during 2022 and 2021 were as follows:

	2022	2021
	Days	
Average supplier payment period	31	32
Ratio of transactions paid	30	32
Ratio of transactions pending payment	274	17
	Amount (Thousands of euros)	
Total payments made	6.737	6,406
Total payments outstanding	120	228
Monetary volume of invoices paid within the maximum period allowed for by late payment regulations	3.300	3.139
Percentage of payments made within the maximum period over total payments made	49%	49%
	Number of invoices	
Invoices paid within the maximum period established in late payment regulations	946	899
Percentage over total invoicing	53%	55%

The information provided in the above table on supplier payments relates to those payments which by their nature represent trade payables to suppliers of goods and services, and thus includes data related to the heading for "Other payables" under current liabilities in the consolidated statement of financial position.

"Average supplier payment period" is the period from delivery of the goods or provision of the services by the supplier and effective payment for the transaction. The balance to be recognized under this heading is the result of the fraction whose numerator is calculated as the sum of multiplying the transactions paid ratio by total payments made and adding the transactions pending payment ratio multiplied by the total amount of pending payments, and whose denominator is calculated by adding the total amount of payments made to the amount of pending payments.

The ratio of transactions paid is calculated as the sum of all the multiplications of the amounts paid by the number of days to payment (the number of natural days that have elapsed counting from the date on which the amounts became payable to the day they were settled), divided by the total amount of payments made.

Likewise, the ratio of transactions pending payment is the result of the fraction whose numerator is calculated as the sum of all multiplications of amounts pending payment by the number of days for which payments were outstanding (the number of natural days that have elapsed counting from the date on which the amounts became payable to the last day of the period to which the financial statements refer), and whose denominator corresponds to the total amount of pending payments.

The maximum legal period applicable to the Group companies in 2022 and 2021 in accordance with Law 3/2004 of December 29, establishing measures on combating late payment in commercial transactions, is 30 natural days unless otherwise agreed upon by the involved parties, who can also choose to increase said period up to a maximum of 60 natural days.

## 13. TAX MATTERS

From January 1, 2017 the Group companies started to file their corporate income tax returns under a consolidated tax regime, with Sonnedix España Equityco, S.L. (sole shareholder company) as tax representative of the tax group comprising all companies listed in Appendix I, with the exception of those subsidiaries whose registered tax address is outside Spanish territory and who consequently settle their tax returns individually in accordance with the tax regulations applicable to them.

### Balances with public administrations

The breakdown of balances with public administrations at December 31, 2022 and 2021, is as follows:

## Receivable from public administrations

2022

	Thousands of euros	
	Non-current	Current
	12/31/2022	12/31/2022
Deferred tax assets	16,612	-
VAT receivable	-	-
Corporate income tax refundable from tax authorities	-	130
	<b>16,612</b>	<b>130</b>

2021

	Thousands of euros	
	Non-current	Current
	12/31/2021	12/31/2021
Deferred tax assets	18,338	-
VAT receivable	-	72
Corporate income tax refundable from tax authorities	-	105
	<b>18,338</b>	<b>177</b>

## Payable to public administrations

2022

	Thousands of euros	
	Non-current	Current
	12/31/2022	12/31/2022
Deferred tax liabilities	3,417	-
VAT payable to the tax authorities	-	2,500
Corporate income tax payable to the tax authorities	-	394
	<b>3,417</b>	<b>2,894</b>

2021

	Thousands of euros	
	Non-current	Current
	12/31/2021	12/31/2021
Deferred tax liabilities	4,256	-
VAT payable to the tax authorities	-	3,439
Corporate income tax payable to the tax authorities	-	165
	<b>4,256</b>	<b>3,604</b>

## Calculation of the Group's tax result

The reconciliation of the Group's consolidated pre-tax book results with taxable income is as follows:

2022

	Thousands of euros		
	Increases	Decreases	Total
Consolidated profit (loss) for the Group before tax	5,548	-	5,548
Permanent differences and consolidation adjustments:	146	-	146
Temporary differences:			
Application of non-deductible amortization/depreciation 2013-2014	-	(562)	(562)
Non-deductible amortization of operating rights	3,356	-	3,356
Non-deductible finance expenses	-	(4,276)	(4,276)
Tax impact of IFRS 16	187	-	187
Application of tax loss carryforwards recognized in prior years	-	(2,253)	(2,253)
<b>Taxable income (Tax result)</b>	<b>9,237</b>	<b>(7,091)</b>	<b>2,146</b>



2021

	Thousands of euros		
	Increases	Decreases	Total
<b>Consolidated profit (loss) for the Group before tax</b>	-	(467)	(467)
<b>Permanent differences and consolidation adjustments:</b>	-	(90)	(90)
<b>Temporary differences:</b>			
Application of non-deductible amortization/depreciation 2013-2014	-	(562)	(562)
Non-deductible amortization of operating rights	3,354	-	3,354
Non-deductible finance expenses	-	(1,242)	(1,242)
Tax impact of IFRS 16	162	-	162
Application of tax loss carryforwards recognized in prior years	-	(1,000)	(1,000)
<b>Taxable income (Tax result)</b>	<b>3,516</b>	<b>(3,361)</b>	<b>155</b>

The temporary differences recognized correspond to the following:

- Non-deductible amortization of goodwill assigned to intangible assets with a defined useful life (operating rights) which generated a positive temporary difference amounting to 3,356 thousand euros during 2022 (2021: 3,354 thousand euros).
- The limitations to deductibility of finance expenses included in Royal Decree Law 12/2012, of March 30, subsequently modified by Royal Decree Law 20/2012, which established a limit to deductible finance expenses amounting to 30% of operating profit for the period (defined in the aforementioned Royal Decree Law: basically the accounting operating profit increased by the recognized amortization/depreciation as well as impairment losses and other gains (losses) obtained on disposals of assets) or one million euros. At any rate, the first million euros will always be tax deductible. During 2022, the Group recognized a negative adjustment to taxable income in this context, amounting to 4,276 thousand euros (2021: a positive adjustment of 1,242 thousand euros).
- The tax effect arising from the Group adopting IFRS 16 (*Leases*) in 2019. The Group recognized a positive adjustment to taxable income as a result in 2022, amounting to 187 thousand euros (2021: a positive adjustment of 162 thousand euros).
- The limitations to deductibility of amortization/depreciation arising from approval on December 27, 2012 of Royal Decree Law 16/2012, introducing a temporary measure, which limits tax deductible amortization/depreciation for the 2013 and 2014 tax periods, for those entities which, during said tax periods, do not fulfill the requirements established in sections 1, 2 or 3 of article 108 of the revised text of the Corporation Tax Law, approved by Legislative Royal Decree 4/2004, of March 5. In accordance with said regulation, up to 70% of the amortization/depreciation will be deducted from the tax base that would have been tax deductible had that percentage not applied, in accordance with sections 1 and 4 of article 11 of said law.  
  
Accounting amortization and depreciation that is not tax deductible by virtue of the provisions established in said article will be deducted on a straight-line basis over 10 years or, optionally, over the useful life of the asset, counted from the first tax period commencing during 2015. The related negative temporary difference recognized by the Group in 2022 and 2021 amounted to 562 thousand euros.
- The application of tax losses generated in prior years by the Group companies. The Group recognized a negative adjustment to taxable income as a result in 2022, amounting to 2,253 thousand euros (2021: 1,000 thousand euros).

## Reconciliation of tax results and corporate income tax expense

The reconciliation of taxable income and tax expense is as follows:

	Thousands of euros	
	2022	2021
<b>Consolidated profit (loss) for the Group before tax</b>	<b>5,894</b>	<b>(467)</b>
<b>Permanent differences and consolidation adjustments</b>	<b>(198)</b>	<b>(90)</b>
<i>Temporary differences:</i>		
Non-deductible amortization of operating rights	3,356	3,354
Application of non-deductible amortization/depreciation 2013-2014	(562)	(562)
Non-deductible finance expenses	(4,276)	(1,242)
Tax impact of IFRS 16	187	162
Application of tax loss carryforwards recognized in prior years	(2,253)	(1,000)
<b>Taxable income (Tax result)</b>	<b>2,148</b>	<b>155</b>
<b>Theoretical tax rate calculated at 25%</b>	<b>(536)</b>	<b>(39)</b>
<b>Application of deductions recorded</b>	<b>142</b>	<b>39</b>
<b>Tax payable (current corporate income tax expense of the Group)</b>	<b>(394)</b>	<b>-</b>
<i>Impact of temporary differences:</i>		
Non-deductible amortization of operating rights	839	838
Application of non-deductible amortization/depreciation 2013-2014	(141)	(141)
Non-deductible finance expenses	(1,069)	(311)
Tax impact of IFRS 16	47	41
Application of tax loss carryforwards recognized in prior years	(563)	(250)
Application of deductions recorded in prior years	(65)	(10)
Adjustment due to tax rate for companies not included in the tax consolidation	-	(72)
Impairment losses relating to environmental deductions	-	(778)
<b>Total income (expense) for corporate income tax</b>	<b>(1,346)</b>	<b>(682)</b>

As the operating rights which arose as a consequence of assigning the value of goodwill generated in the business combinations which took place in prior years are not tax deductible, the Group companies adjust the amortization carried out in their forecasting of corporate income tax. This also results in the Group recognizing a deferred tax liability for the difference between the accounting value and tax value of the assets in question. The deferred tax recognized in this context amounted to 3,390 thousand euros at December 31, 2022 (2021: 4,256 thousand euros).

During 2022 and 2021 corporate income tax was calculated at a 25% rate for those Group companies which belong to the tax consolidation group.

### Deferred tax assets and liabilities recognized

The breakdown of these items at 2022 and 2021 year end is as follows:

#### Deferred tax assets

The movements in deferred tax assets in 2022 are as follows:

#### Fiscal Year 2022

	2021	Additions	Decreases	Impairment losses	2022
Tax losses pending application	11,148	-	(563)	-	10,585
Non-deductible finance expenses and amortization/depreciation	6,875	-	(1,210)	-	5,665
Tax impact of IFRS 16	131	47	-	-	178
Deductions for environmental expenditure	184	-	-	-	184
<b>Total deferred tax assets</b>	<b>18,338</b>	<b>47</b>	<b>(1,773)</b>	<b>-</b>	<b>16,612</b>

### **Fiscal Year 2021**

	2020	Additions	Decreases	Impairment losses	2021
Tax losses pending application	11.398	-	(250)	-	11.148
Non-deductible finance expenses and amortization/depreciation	7.326	-	(451)	-	6.875
Tax impact of IFRS 16	90	41	-	-	131
Deductions for environmental expenditure	972	-	(10)	(778)	184
<b>Total Activos por impuesto diferido</b>	<b>19.786</b>	<b>41</b>	<b>(711)</b>	<b>(778)</b>	<b>18.338</b>

The aforementioned deferred tax assets were recognized in the consolidated statement of financial position as the sole director of the Parent, based on the best estimate for the future profits of Group companies, including certain tax planning initiatives, considers that these tax assets will probably be recovered.

### **Deferred tax liabilities**

The deferred tax liabilities entirely correspond to the deferred tax recognized as a consequence of assigning the difference between the amount paid for the acquisitions made and the net assets acquired, recognized as a greater amount for intangible assets with a defined useful life (operating rights; see Note 5). The reversal of these deferred tax liabilities will be carried out during the useful life of the assets associated with said rights. At December 31, 2022, the amount recognized for this item in the consolidated statement of financial position amounts to 3,417 thousand euros (2021: 4,256 thousand euros).

The movements in deferred tax liabilities during 2022 and 2021 are as follows:

	Thousands of euros
	Temporary differences in liabilities (operating rights)
<b>Balance at January 1, 2022</b>	<b>4,256</b>
Amortization of operating rights	(839)
<b>Balance at December 31, 2022</b>	<b>3,417</b>
<b>Balance at January 1, 2021</b>	<b>5,094</b>
Amortization of operating rights	(838)
<b>Balance at December 31, 2021</b>	<b>4,256</b>

### **Years open to tax verification and inspections**

In accordance with prevailing legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. The Parent's sole director considers that all applicable taxes have been duly settled 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, if any, would not have a material impact on the accompanying consolidated statement of financial position.

## **14. TRANSACTIONS WITH RELATED PARTIES**

On July 21, 2020, the Group decided to restructure its corporate organization, as a result of which Sonnedix B.V. would no longer be the counterparty for the debt held by the Group with related parties, with another Sonnedix España Group company, Sonnedix Holdco Spain, B.V., becoming the new counterparty in said transactions.

### **Related party transactions**

During 2022, the Group companies carried out transactions with Sonnedix Holdco Spain, B.V. for an amount of 1,482 thousand euros (2021: 2,374 thousand euros), corresponding to the interest accrued on the financing received (Note 15.g).

The breakdown of finance costs accrued during 2022 and 2021, by Group company, is as follows:

	Thousands of euros	
	2022	2021
Cruanorna, S.L.	164	186
Sonnedix España Solar Solarfin, S.L.	1,091	1,960
Sonnedix España Solar Pedro Martínez, S.L.	227	228
	<b>1,482</b>	<b>2,374</b>

In addition, the balance recognized under "Cost of sales" in the accompanying consolidated statement of profit or loss for 2022 mainly includes the expense incurred in connection with the operation and maintenance services rendered for the Group's photovoltaic installations by the related party Sonnedix España Services, S.L., amounting to 3,995 thousand euros (2021: 3,913 thousand euros) by virtue of the contracts signed by the involved parties. Said contracts established a fixed annual cost per MW of installed nominal capacity (Note 15.c).

The breakdown for operation and maintenance expenses by subsidiary is as follows:

	Thousands of euros	
	2022	2021
Siluendor Plano, S.L.	86	85
Unified Group, S.L.	90	89
Cruanorna, S.L.	221	216
Galencos, S.L.	86	84
Sonnedix España SPV VIII, S.L.	273	267
Sonnedix España SPV IX, S.L.	46	45
Sonnedix España SPV XI, S.L.	68	67
Sonnedix España SPV XII, S.L.	41	40
Arroyo Solar, S.L.	27	27
Fotovoltaica La Gamonosa, S.L.	87	85
Sonnedix España SPV XXI, S.L.	64	62
Proyectos Integrados Renovables, S.L.	137	134
Parque Solar Caudete, S.L.	77	76
Capur Business, S.L.	43	42
Acacia Instalaciones Fotovoltaicas, S.L.	364	356
Villanueva Cosolar, S.L.	159	156
Sonnedix España Solar Isnalloz, S.L.	123	120
Sonnedix España Solar Villamesías, S.L.	91	89
Sonnedix España Solar Pedro Martínez, S.L.	50	49
Global Atreo, S.L.	227	223
Sonnedix España Solar Alcudia, S.L.	45	45
Sonnedix España Solar Acula, S.L.	82	80
J.B. Solar Malagón, S.L.	318	312
Sonnedix España Solar Alhama de Granada, S.L.	82	80
Bujía Solar, S.L.	213	208
Sonnedix España SPV XIII, S.L.	23	22
Sonnedix España SPV XXII, S.L.	30	29
Sonnedix España SPV XXIII, S.L.	85	84
Sonnedix España SPV XXIV, S.L.	259	254
Sonnedix España SPV XXV, S.L.	86	84
Diversia Solar Proyectos y Explotaciones de Parques solares, S.L.	91	89
Sociedad de Explotación Fotovoltaica Omega, S.L.	68	67
Sonnedix España SPV IV, S.L.	41	40
Vermarozul, S.L.	55	53
Sonnedix España SPV V, S.L.	157	154
	<b>3,995</b>	<b>3,913</b>

### **Related-party balances**

The breakdown of the balances with related parties recognized in the consolidated statement of financial position at December 31, 2022 and 2021 is as follows:

	12/31/2022			12/31/2021		
	Non-current borrowings from group companies	Trade payables to group companies	Current borrowings from group companies	Non-current borrowings from group companies	Trade payables to group companies	Current borrowings from group companies
Payable to group companies	4,477	2,131	193	23,736	1,418	5,935
	<b>4,477</b>	<b>2,131</b>	<b>193</b>	<b>23,736</b>	<b>1,418</b>	<b>5,935</b>

### Non-current borrowings from group companies and associates

The breakdown of non-current subordinated debt with Group companies and associates at December 31, 2022 and 2021, corresponding to the debt held with Sonnedix Holdco Spain B.V., is as follows:

	Thousands of euros		Maturity date	Interest rate
	12/31/2022	12/31/2021		
Cruanorna, S.L.	1,443	1,857	4/1/2033	10%
Sonnedix España Solar Solarfin, S.L.	759	19,604	1/31/2029	10%
Sonnedix España Solar Pedro Martínez, S.L.	2,275	2,275	1/31/2029	10%
	<b>4,477</b>	<b>23,736</b>		

### Current borrowings from group companies and associates

At December 31, 2022 the Group recognized an amount of 193 thousand euros (2021: 5,935 thousand euros) corresponding to unpaid accrued interest owed to Sonnedix Holdco Spain B.V. in connection with the subordinated loans held with said company.

The breakdown of interest payable to the Group entity Sonnedix Holdco Spain B.V. at 2022 and 2021 year end is as follows:

	Thousands of euros	
	12/31/2022	12/31/2021
Cruanorna, S.L.	45	61
Sonnedix España Solar Solarfin, S.L.	24	5,628
Sonnedix España Solar Pedro Martínez, S.L.	124	246
	<b>193</b>	<b>5,935</b>

Likewise, the Group repaid a total balance of 19,259 thousand euros on the loans during 2022.

### Trade payables to group companies and associates

At 2022 year end, this heading in the consolidated statement of financial position presented a balance of 2,131 thousand euros (2021: 1,418 thousand euros), mainly corresponding to the amounts pending payment to the related party Sonnedix España Services, S.L. in connection with the improvements carried out by the Group for some of its photovoltaic installations during 2022 and 2021 (Note 6).

## 15. INCOME AND EXPENSE

### a) Revenue

Group revenue for 2022 amounted to 57,339 thousand euros (2021: 55,475 thousand euros), entirely corresponding to income obtained from the sale of electric energy produced at the different solar power plants being operated.

The breakdown of this heading in the accompanying consolidated statement of profit or loss for the years ended December 31, 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Income from sale of energy	59,612	62,646
Remuneration adjustment (Note 12.4)	(2,273)	(7,171)
	<b>57,339</b>	<b>55,475</b>

The Group does not present segmented information by business line given that it only has a single business line, the production of energy at photovoltaic installations in Spain.

**b) Breakdown of expenses and services by origin**

The Group did not make any purchases outside Spain during 2022 and 2021.

**c) Cost of sales**

This heading in the accompanying consolidated statement of profit or loss presents a balance of 4,773 thousand euros at 2022 year end (2021: 4,330 thousand euros), mainly corresponding to work performed by the related party Sonnedix España Services, S.L. for operation and maintenance services rendered at the Group's photovoltaic installations (Note 14).

**d) Other operating expenses**

The breakdown of this heading in the accompanying consolidated statement of profit or loss at December 31, 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Banking services	13	18
Independent professional services	236	220
Other taxes	309	4,234
	<b>558</b>	<b>4,472</b>

As explained in Note 3, at 2022 year end, payment of the amount accrued in connection with this tax on electric energy produced during 2022 was suspended, based on the stipulations of Royal Decree Law 6/2022 and Royal Decree Law 11/2022, as well as the electric energy produced during the third and fourth quarters of 2021, based on the stipulations of Royal Decree Law 17/2021, of September 14, on urgent measures for mitigating the impact of increased natural gas prices in the gas and electricity retail markets.

**e) Depreciation and amortization allowances**

The breakdown of this heading in the accompanying consolidated statement of profit or loss at December 31, 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Amortization allowance for intangible assets (Note 5)	5,079	5,079
Depreciation allowance for PP&E (Note 6)	29,526	29,451
	<b>34,605</b>	<b>34,530</b>

**f) Impairment losses and gains (losses) on disposal of assets**

At 2022 year end, "Impairment losses and gains (losses) on disposal of assets" in the accompanying consolidated statement of profit or loss presents a balance of 254 thousand euros, corresponding to the losses generated by the Group when derecognizing certain PP&E items which were replaced at the photovoltaic installations during said year (Note 6).

**g) Finance costs**

Finance costs mainly correspond to the interest accrued on financing obtained by Group companies for operation of the photovoltaic installations. The breakdown of these finance costs is as follows:

	Thousands of euros	
	2022	2021
Finance costs for bonds and other marketable securities	9,431	10,028
Finance costs with group companies and associates (Note 14)	1,482	2,374
Other finance costs	445	464
	<b>11,358</b>	<b>12,866</b>

*Finance costs for bonds and other marketable securities*

This heading reflects the interest accrued on the financing obtained through the Selene Bond issue (Note 12.1), amounting to 9,149 thousand euros during 2022 (2021: 9,728 thousand euros).

It also includes the finance cost corresponding to the arrangement fees accrued with respect to the bond issue, amounting to 282 thousand euros in 2022 (2021: 300 thousand euros) (Note 12.1).

*Other finance costs*

This heading includes the finance expenses arising from the discounting of dismantling provisions in connection with some of the Group's photovoltaic solar parks, amounting to 61 thousand euros during 2022 (2021: 58 thousand euros) (Note 19).

In addition, during 2022 the Group recognized the finance expenses arising from the discounted lease liability recognized in the consolidated statement of financial position as a consequence of applying IFRS 16, amounting to 384 thousand euros (2021: 403 thousand euros) (Note 12.2).

**16. INFORMATION ON SITUATIONS REPRESENTING A CONFLICT OF INTEREST FOR THE SOLE DIRECTOR OF THE PARENT AND WITH RESPECT TO REMUNERATION FOR SENIOR MANAGEMENT**

***Disclosures regarding potential conflicts of interest on the part of the Sole Director***

The Parent's sole director did not report any potential direct or indirect conflict of interest between the sole director or related persons, as defined in Spain's Corporate Enterprises Act, and the Group at either 2022 or 2021 year end.

***Remuneration and other benefits for Senior Management and the Sole Director***

The Group companies did not recognize any amounts whatsoever in 2022 or 2021 in respect of wages or salaries paid to the Parent's sole director or members of senior management. The functions and duties of the Parent's senior management were assumed by the sole director in 2022 and 2021.

Moreover, at 2022 and 2021 year end, the Group companies had not contracted any obligations relating to pensions, life insurance, or civil liability insurance on behalf of the Parent's sole director. Neither had they granted any loans, advances, or guarantees of any kind on behalf of the sole director.

**17. FINANCIAL STRUCTURE (Note 12)**

The Group mainly funds its photovoltaic projects with financing obtained at the Group level via issue of the Selene Bond described in Note 12.1. In addition to the financing obtained from the bonds issued, some of the projects are also financed with subordinated debt granted by the related party Sonnedix Holdco Spain B.V. (Note 14).

## 18. AUDIT FEES

The fees during 2022 and 2021 for audit and non-audit services provided by the auditor of the Group's consolidated financial statements, Ernst & Young, S.L., as well as fees for services invoiced by the auditors of the individual financial statements of companies included in the consolidation and by parties related to them due to control, common ownership or management, were as follows:

Description	Thousands of euros	
	Services provided by the main auditor	
	2022	2021
Audit services	70	80
<b>Total audit and related services</b>	<b>70</b>	<b>80</b>

## 19. PROVISIONS

At the end of the useful life of some of the photovoltaic solar installations the Group must dismantle them. Upon initial recognition of the fixed assets, the Group estimates the future cost for asset dismantling or retirement obligations and other associated items, such as the cost of restoring the surroundings where they were located. To determine the amount of the provision, the Group makes assumptions and estimates regarding the discount rate and expected dismantling costs.

The Group estimated that expected dismantling costs for the installations, taking into account each one's size and installed capacity, and based on a technical report issued by an independent expert, range from 27 thousand euros per installed MW to 45 thousand euros per installed MW.

The provision recognized by the Group for some of these photovoltaic installations in the consolidated statement of financial position amounts to 2,232 thousand euros at December 31, 2022 (2021: 2,172 thousand euros). This provision does not represent an outflow of cash resources until the useful life of each photovoltaic installation affected finalizes.

At each reporting date this provision is discounted to its present value, recognizing the corresponding adjustments as a finance cost as accrued (Note 15.g).

## 20. SEGMENT INFORMATION

The Group focused its activities during 2022 and 2019 on a single business line: the operation of photovoltaic solar installations in Spain, which includes, amongst other activities, the production and sale of electricity generated by solar energy. Said business segment is the only one utilized by General Management of the Group in its reports to the sole director and is the only one used for management of the Group.

## 21. EVENTS AFTER THE REPORTING DATE

No additional events occurred subsequent to the closing which are significant enough to warrant disclosure in the accompanying consolidated financial statements.

## 22. EXPLANATION TO THE TRANSLATION TO ENGLISH

These Consolidated Financial Statements are presented on the basis of accounting principles generally accepted in Spain. Consequently, certain accounting practices applied by the Group that conform to generally accepted accounting principles in Spain may not conform to other generally accepted accounting principles in other countries. Translation from the original issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.



## **Sonnedix Equityco, S.L. and Subsidiaries**

### **Consolidated Management Report for the year ended December 31, 2022**

#### **1. Economic data of the Company**

Consolidated operating results for 2022 presented a profit of 7,252 thousand euros (2021: a profit of 12,399 thousand euros), obtaining revenue of 57,339 thousand euros (2021: 55,475 thousand euros).

Profit before taxes on continuing operations for 2022 amounted to 5,894 thousand euros (2021: a loss of 467 thousand euros), while the Group's positive results in 2022 amounted to 4,548 thousand euros of losses (2021: a loss of 1,149 thousand euros).

The Group will continue operating the solar power plants described in Note 1 to the accompanying consolidated financial statements for the coming years.

#### **2. Main business risks**

The main risk to which the Group's business activities are exposed relates to the possibility of regulatory changes which may arise in the different markets where it is present. To the extent that the Group pursues its activities in developed economies with legal security, it can manage said risk and does not anticipate any relevant matters which could significantly affect its equity in the future.

Apart from this, the Group is not exposed to any other significant risks, given that the critical variables of its business (sales price for energy and installation rental costs) are known and have been agreed upon contractually, so that performance of the Group during the period it operates a photovoltaic power plant basically depends on the amount of daylight hours permitting the generation of electric energy.

#### **3. Business outlook**

The Group's strategic objective for 2023 is based on continuing the operation of its photovoltaic projects in the most efficient manner possible so as to maximize value.

#### **4. Significant events for the Company after the reporting period**

No additional significant matters arose other than those disclosed in Note 21 to the accompanying consolidated financial statements.

#### **5. Research and development activities**

The Group did not carry out any R&D activities during 2021.

#### **6. Acquisition of treasury shares**

During 2022 and 2021, the Company did not carry out any transactions with treasury shares and neither did it hold any treasury shares at 2022 or 2021 year end.

## APPENDIX I. Subsidiaries of the Sonnedix España Equityco, S.L. Group at December 31, 2022

Company	Activity	Registered business address (2)	% of indirect ownership	% of direct ownership	Year of acquisition	Equity of the subsidiary (thousands of euros)				
						Share capital	Reserves	Profit (loss)		Total equity
								Operating	Net	
Sonnedix Finance, S.A.	(1)	Luxembourg	-	100%	2016	531	1,017	(121)	108	1,126
Sonnedix España Holdings, S.L.	(1)	Spain	-	100%	2016	17	19,830	-	-	19,830
Siluendor Plano, S.L.	(1)	Spain	100%	-	2014	6	2,361	1,275	504	2,864
Unified Group, S.L.	(1)	Spain	100%	-	2014	3	376	733	192	569
Cruanoma, S.L.	(1)	Spain	100%	-	2016	4	(698)	1,143	18	(680)
Gapalencos, S.L.	(1)	Spain	100%	-	2016	4	1,613	1,165	312	1,925
Arroyo Solar, S.L.	(1)	Spain	100%	-	2016	3	331	435	61	392
Parque Solar Caudete, S.L.	(1)	Spain	100%	-	2016	3	800	1,054	186	986
Proyectos Integrados de Renovables 2, S.L.U.	(1)	Spain	100%	-	2016	3	631	1,786	271	902
Capur Business, S.L.	(1)	Spain	100%	-	2016	3	333	332	81	414
Villanueva Cosolar, S.L.	(1)	Spain	100%	-	2016	3	767	1,510	285	1,053
Vermarozul, S.L.	(1)	Spain	100%	-	2016	4	691	439	103	794
Sonnedix España SPV IV, S.L.	(1)	Spain	100%	-	2016	3	476	744	114	590
Sonnedix España SPV V, S.L.	(1)	Spain	100%	-	2016	3	2,757	1,961	728	3,485
Sonnedix España SPV VI, S.L.	(1)	Spain	100%	-	2016	3	1,203	(2)	(2)	1,202
Fotovoltaica La Gamonosa, S.L.	(1)	Spain	100%	-	2016	4	1,467	1,223	346	1,813
Sonnedix España SPV VIII, S.L.	(1)	Spain	100%	-	2016	3	2,736	3,849	809	3,545
Sonnedix España SPV IX, S.L.	(1)	Spain	100%	-	2016	3	278	724	13	291
Sonnedix España SPV XI, S.L.	(1)	Spain	100%	-	2016	3	636	1,160	177	812
Sonnedix España SPV XII, S.L.	(1)	Spain	100%	-	2016	3	974	568	124	1,099
Sonnedix España SPV XIV, S.L.	(1)	Spain	100%	-	2016	3	268	(2)	(1)	267
Acacia Instalaciones Fotovoltaicas, S.L.U.	(1)	Spain	100%	-	2016	7	5,224	4,754	292	5,515
Sonnedix España SPV XV, S.L.	(1)	Spain	100%	-	2016	3	10,073	-	-	10,073
Sonnedix España Solar Spanish Holdings 2, BV	(1)	Netherlands	100%	-	2016	-	237	(22)	(22)	215
Sonnedix España Power España I, BV	(1)	Netherlands	100%	-	2016	18	20,987	(17)	(17)	20,970
Sonnedix España Power España II, BV	(1)	Netherlands	100%	-	2016	18	(95)	(28)	(28)	(123)
Sonnedix España Power España I, BV S.L.	(1)	Spain	100%	-	2016	1,593	9,817	(1)	(1)	9,816
Sonnedix España Solar España Finance, S.L.	(1)	Spain	100%	-	2016	980	6,821	(1)	(1)	6,820
Sonnedix España Solarfin, S.L.	(1)	Spain	100%	-	2016	3	(1,491)	(1)	(819)	(2,310)
Sonnedix España Solar Alcudia, S.L.	(1)	Spain	100%	-	2016	4	1,026	645	174	1,200
Sonnedix España Solar Acula, S.L.	(1)	Spain	100%	-	2016	4	1,232	1,172	180	1,412
Sonnedix España Pedro Martínez, S.L.	(1)	Spain	100%	-	2016	4	(1,320)	723	(363)	(1,683)
Sonnedix España Solar Alhama de Granada, S.L.	(1)	Spain	100%	-	2016	4	622	1,077	133	755
Sonnedix España Solar Isnalloz, S.L.	(1)	Spain	100%	-	2016	4	819	1,459	189	1,008
Sonnedix España Solar Villamesias, S.L.	(1)	Spain	100%	-	2016	3	2,105	1,408	465	2,571
Global Atreo, S.L.	(1)	Spain	100%	-	2016	4	3,482	2,955	772	4,255
Bujía Solar, S.L.	(1)	Spain	100%	-	2016	3	2,562	2,930	565	3,127
J.B. Solar Malagón, S.L.	(1)	Spain	100%	-	2016	3	5,960	4,077	1,303	7,263
Sonnedix España SPV XIII, S.L.	(1)	Spain	100%	-	2016	3	382	327	89	471
Sonnedix España SPV XXIV, S.L.	(1)	Spain	100%	-	2016	3	1,602	3,662	283	1,885
Sonnedix España SPV XXI, S.L.	(1)	Spain	100%	-	2016	3	388	830	103	491
Sonnedix España SPV XXII, S.L.	(1)	Spain	100%	-	2016	3	315	416	78	393
Sociedad de Explotación Fotovoltaica Omega, S.L.	(1)	Spain	100%	-	2016	10	1,832	654	293	2,125
Diversia Solar, Proyectos y Explotaciones de Parques Solares, S.L.	(1)	Spain	100%	-	2016	3	1,126	1,245	251	1,377
Sonnedix España SPV XXV, S.L.	(1)	Spain	100%	-	2016	3	537	1,509	151	688
Sonnedix España SPV XXIII, S.L.	(1)	Spain	100%	-	2016	3	478	1,368	30	508

(1) None of the companies indicated above is listed on a stock exchange. The activities of the companies are focused on the development and promotion of electric energy production projects.

(2) Companies with their registered address at Calle Príncipe de Vergara 108, 12º, 28002 (Madrid) with the exception of Sonnedix Finance, S.A., whose registered address is at 46ª avenue J.F. Kennedy, L-1855 (Luxembourg) and the subsidiaries located in Holland, whose registered address is at Amstelveenseweg 760, 1081 JK, Amsterdam.

All the investments presented were consolidated under the full consolidation method.

## APPENDIX I. Subsidiaries of the Sonnedix España Equityco, S.L. Group at December 31, 2021

Company	Activity	Registered business address (2)	% of indirect ownership	% of direct ownership	Year of acquisition	Equity of the subsidiary (thousands of euros)				
						Share capital	Reserves	Profit (loss)		Total equity
								Operating (EBITDA)	Net	
Sonnedix Finance, S.A.	(1)	Luxembourg	-	100%	2016	531	393	(85)	85	1,009
Sonnedix España Holdings, S.L.	(1)	Spain	-	100%	2016	17	18,870	(1)	(1)	18,887
Silwendor Plano, S.L.	(1)	Spain	100%	-	2014	6	1,972	1,148	383	2,361
Unified Group, S.L.	(1)	Spain	100%	-	2014	3	299	591	74	376
Cruanoma, S.L.	(1)	Spain	100%	-	2016	4	(460)	742	(241)	(698)
Gapalencos, S.L.	(1)	Spain	100%	-	2016	4	1,270	1,230	339	1,613
Arroyo Solar, S.L.	(1)	Spain	100%	-	2016	3	281	388	47	331
Parque Solar Caudete, S.L.	(1)	Spain	100%	-	2016	3	686	985	111	800
Proyectos Integrados de Renovables 2, S.L.U.	(1)	Spain	100%	-	2016	3	539	1,593	89	631
Capur Business, S.L.	(1)	Spain	100%	-	2016	3	210	396	120	333
Villanueva Cosolar, S.L.	(1)	Spain	100%	-	2016	3	760	1,169	3	766
Vermarozul, S.L.	(1)	Spain	100%	-	2016	4	639	373	49	691
Sonnedix España SPV IV, S.L.	(1)	Spain	100%	-	2016	3	428	671	45	476
Sonnedix España SPV V, S.L.	(1)	Spain	100%	-	2016	3	2,228	1,743	526	2,757
Sonnedix España SPV VI, S.L.	(1)	Spain	100%	-	2016	3	1,201	(1)	(1)	1,203
Fotovoltaica La Gamonosa, S.L.	(1)	Spain	100%	-	2016	4	1,268	1,063	203	1,474
Sonnedix España SPV VIII, S.L.	(1)	Spain	100%	-	2016	3	2,283	3,472	449	2,736
Sonnedix España SPV IX, S.L.	(1)	Spain	100%	-	2016	3	267	668	8	278
Sonnedix España SPV XI, S.L.	(1)	Spain	100%	-	2016	3	485	1,025	94	582
Sonnedix España SPV XII, S.L.	(1)	Spain	100%	-	2016	3	856	527	116	974
Sonnedix España SPV XIV, S.L.	(1)	Spain	100%	-	2016	3	266	-	-	268
Acacia Instalaciones Fotovoltaicas, S.L.U.	(1)	Spain	100%	-	2016	7	5,165	4,585	51	5,224
Sonnedix España SPV XV, S.L.	(1)	Spain	100%	-	2016	3	9,787	-	-	9,789
Sonnedix España Solar Spanish Holdings 2, BV	(1)	Netherlands	100%	-	2016	-	4	(22)	(22)	(18)
Sonnedix España Power España I, BV	(1)	Netherlands	100%	-	2016	18	20,708	(22)	(22)	20,704
Sonnedix España Power España II, BV	(1)	Netherlands	100%	-	2016	18	(91)	(22)	(22)	(95)
Sonnedix España Power España I, BV S.L.	(1)	Spain	100%	-	2016	1,593	7,943	(2)	(2)	9,534
Sonnedix España Solar España Finance, S.L.	(1)	Spain	100%	-	2016	980	5,558	(1)	-	6,538
Sonnedix España Solarfin, S.L.	(1)	Spain	100%	-	2016	3	(306)	(2)	(1,471)	(1,774)
Sonnedix España Solar Alcudia, S.L.	(1)	Spain	100%	-	2016	4	905	586	115	1,026
Sonnedix España Solar Acula, S.L.	(1)	Spain	100%	-	2016	4	1,127	1,063	101	1,232
Sonnedix España Pedro Martínez, S.L.	(1)	Spain	100%	-	2016	4	(982)	660	(339)	(1,320)
Sonnedix España Solar Alhama de Granada, S.L.	(1)	Spain	100%	-	2016	4	561	975	57	622
Sonnedix España Solar Isnalloz, S.L.	(1)	Spain	100%	-	2016	4	730	1,333	85	819
Sonnedix España Solar Villamesias, S.L.	(1)	Spain	100%	-	2016	3	1,795	1,240	307	2,105
Global Atreo, S.L.	(1)	Spain	100%	-	2016	4	3,038	2,612	441	3,482
Bujía Solar, S.L.	(1)	Spain	100%	-	2016	3	2,297	2,618	262	2,562
J.B. Solar Malagón, S.L.	(1)	Spain	100%	-	2016	3	4,802	3,630	871	5,677
Sonnedix España SPV XIII, S.L.	(1)	Spain	100%	-	2016	3	308	295	71	382
Sonnedix España SPV XXIV, S.L.	(1)	Spain	100%	-	2016	3	1,578	3,382	-	1,581
Sonnedix España SPV XXI, S.L.	(1)	Spain	100%	-	2016	3	345	764	41	388
Sonnedix España SPV XXII, S.L.	(1)	Spain	100%	-	2016	3	252	375	60	315
Sociedad de Explotación Fotovoltaica Omega, S.L.	(1)	Spain	100%	-	2016	10	1,621	549	200	1,832
Diversia Solar, Proyectos y Explotaciones de Parques Solares, S.L.	(1)	Spain	100%	-	2016	3	940	1,187	183	1,126
Sonnedix España SPV XXV, S.L.	(1)	Spain	100%	-	2016	3	497	1,394	37	537
Sonnedix España SPV XXIII, S.L.	(1)	Spain	100%	-	2016	3	(27)	1,243	(84)	(108)

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All the investments presented were consolidated under the full consolidation method.

## APPENDIX II. Photovoltaic solar parks in operation

Group company	Project	Capacity	Acquisition date	Start-up date	Standard facility code	Location
Silueador Plano, S.L.	Las Jaras	1.90	2014	2008	IT-00048	Villanueva de la Jara (Cuenca)
Unified Group, S.L.	Warner	1.98	2014	2012	IT-00402	San Martín de la Vega (Madrid)
Cruanorma, S.L.	Isona I	1.20	2016	2013	IT-00550	Isona (Lérida)
Cruanorma, S.L.	Isona II	0.60	2016	2013	IT-00588	Isona (Lérida)
Cruanorma, S.L.	Isona III	0.50	2016	2013	IT-00588	Isona (Lérida)
Cruanorma, S.L.	Palau	0.03	2016	2007	IT-00067	Palau D'Anglesola (Lérida)
Cruanorma, S.L.	Torregrossa	1.60	2016	2012	IT-00478	Belvis (Lérida)
Cruanorma, S.L.	Torres del Segre	0.20	2016	2008	IT-00058	Torres del Segre (Lérida)
Cruanorma, S.L.	Vic	0.90	2016	2013	IT-00348	Vic (Barcelona)
Gapalencos, S.L.	Villacarrillo	1.89	2016	2008	IT-00048	Villacarrillo (Jaén)
Arroyo Solar, S.L.	Cuellar	0.30	2016	2008	IT-00048	Arroyo de Cuellar (Segovia)
Arroyo Solar, S.L.	Cuellar	0.30	2016	2008	IT-00058	Arroyo de Cuellar (Segovia)
Sonnedix España SPV VI, S.L.	Mejorada	1.90	2016	2008	IT-00085	Mejorada (Toledo)
Sonnedix España SPV VIII, S.L.	Tres Pinos	6.00	2016	2008	IT-00085	Blanca (Murcia)
Sonnedix España SPV XII, S.L.	Pinos Puente	0.90	2016	2008	IT-00048	Pinos Puente (Granada)
Proyectos Integrados de Renovables 2, S.L.	Romica I	2.10	2016	2007	IT-00061	Romica (Albacete)
Proyectos Integrados de Renovables 2, S.L.	Romica II	0.90	2016	2008	IT-00062	Romica (Albacete)
Sonnedix España SPV XI, S.L.	La Suerte	1.50	2016	2008	IT-00058	Écija (Seville)
Parque Solar Caudete, S.L.	Caudete	1.70	2016	2008	IT-00048	Caudete de las Fuentes (Valencia)
Sonnedix España Solar Alcudia, S.L.	Alcudia	1.00	2016	2008	IT-00048	Alcudia de Gaudix (Granada)
Sonnedix España Solar Acula, S.L.	Acula	1.80	2016	2008	IT-00048	Acula (Granada)
Sonnedix España Solar Pedro Martínez, S.L.	Pedro Martínez	1.10	2016	2008	IT-00048	Pedro Martínez (Granada)
Sonnedix España Solar Alhama de Granada, S.L.	Alhama	1.80	2016	2008	IT-00048	Alhama de Granada (Granada)
Sonnedix España Solar Iznalloz, S.L.	Iznalloz	2.70	2016	2008	IT-00062	Iznalloz (Granada)
Sonnedix España Solar Villamésias, S.L.	Villamésias	2.00	2016	2008	IT-00078	Villamésias (Extremadura)
Global Atreo, S.L.	Alvarado	5.00	2016	2008	IT-00062	Alvarado (Badajoz)
Bujía Solar, S.L.	Darro I	0.60	2016	2008	IT-00048	Darro (Granada)
Bujía Solar, S.L.	Darro II	3.70	2016	2008	IT-00062	Darro (Granada)
Bujía Solar, S.L.	Darro III	0.39	2016	2008	IT-00048	Darro (Granada)
J.B. Solar Malagón, S.L.	Malagón	7.00	2016	2008	IT-00062	Malagón (Ciudad Real)
Sonnedix España SPV IX, S.L.	Rodilana I	0.7	2016	2007	IT-00057	Medina del Campo (Valladolid)
Sonnedix España SPV IX, S.L.	Rodilana II	0.3	2016	2008	IT-00058	Medina del Campo (Valladolid)
Capur Business, S.L.	Zalamea	0.95	2016	2011	IT-00460	Zalamea de la Serena (Badajoz)
Sonnedix España SPV XIV, S.L.	Madridijos	8	2016	2008	IT-00085	Madridijos (Toledo)
Villanueva Cosolar, S.L.	Villanueva	3.5	2016	2011	IT-00505	Villanueva de Córdoba (Córdoba)
Sonnedix España SPV XIII, S.L.	Chozas	0.5	2016	2008	IT-00048	Chozas de Abajo (León)
Sonnedix España SPV XXI, S.L.	Torremejía	1.4	2016	2008	IT-00048	Torremejía (Badajoz)
Sonnedix España SPV XXII, S.L.	Lorca	0.66	2016	2008	IT-00048	Lorca (Murcia)
Diversia Solar, Proyectos y Explotaciones de Parques Solares, S.L.	Lupiñen	2	2016	2008	IT-00078	Lupiñen (Huesca)
Sociedad de Explotación Fotovoltaica Omega, S.L.	Campolara	1.5	2016	2011	IT-00507	Campolara (Burgos)
Sonnedix España SPV XXV, S.L.	Linares	1.89	2016	2008	IT-00058	Linares (Jaén)
Sonnedix España SPV IV, S.L.	Copero	0.9	2016	2008	IT-00058	Dos Hermanas (Seville)
Sonnedix España SPV XXIII, S.L.	Casa Quemada	1.88	2016	2008	IT-00058	Sanlúcar la Mayor (Seville)
Sonnedix España Solar XXIV, S.L.	Las Cabezas I	5.4	2016	2008	IT-00065	Las Cabezas de San Juan (Seville)
Sonnedix España Solar XXIV, S.L.	Las Cabezas II	0.3	2016	2008	IT-00053	Las Cabezas de San Juan (Seville)
Vermarozul, S.L.	Albaida	1.2	2016	2009	IT-00422	Albaidas (Valencia)
Sonnedix España Solar V, S.L.	Villena I, II y III	3.34	2016	2008	IT-00062	Villena (Alicante)
Sonnedix España Solar V, S.L.	Villena IV	0.1	2016	2008	IT-00030	Villena (Alicante)
		<b>88.01</b>				

### APPENDIX III. Remuneration parameters

Installation	Standard facility code	Regulatory useful life (years)	Investment remuneration 2021 (€/MW)	Investment remuneration 2022 (€/MW)	Operation remuneration 2021 (€/MW)	Operation remuneration 2022 (€/MW)
Las Jaras	IT-00048	30	566,105	556,711	24.67	-
Warner	IT-00402	30	314,802	304,665	11.88	-
Isona I	IT-00550	30	182,486	168,435	5.59	-
Isona II	IT-00588	30	167,500	153,270	5.04	-
Isona III	IT-00588	30	167,500	153,270	5.04	-
Palau	IT-00067	30	624,455	611,387	21.88	-
Torregrossa	IT-00478	30	142,793	131,184	3.79	-
Torres del Segre	IT-00058	30	676,029	663,910	24.57	-
Vic	IT-00348	30	231,018	220,702	8.90	-
Villacarrillo	IT-00048	30	566,105	556,711	24.67	-
Cuellar	IT-00048	30	566,105	556,711	24.67	-
Cuellar	IT-00058	30	676,029	663,910	24.57	-
Mejorada	IT-00085	30	548,825	539,192	23.05	-
Tres Pinos	IT-00085	30	548,825	539,192	23.05	-
Pinos Puente	IT-00048	30	566,105	556,711	24.67	-
Romica I	IT-00061	30	498,720	488,395	20.69	-
Romica II	IT-00062	30	510,145	500,244	21.23	-
La Suerte	IT-00058	30	676,029	663,910	24.57	-
Caudete	IT-00048	30	566,105	556,711	24.67	-
Alcudia	IT-00048	30	553,308	556,711	24.06	-
Acula	IT-00048	30	553,308	556,711	24.06	-
Pedro Martinez	IT-00048	30	553,308	556,711	24.06	-
Alhama	IT-00048	30	553,308	556,711	24.06	-
Iznalloz	IT-00062	30	498,613	500,244	20.68	-
Villamesias	IT-00078	30	580,807	585,040	25.36	-
Alvarado	IT-00062	30	498,613	500,244	20.68	-
Darro I	IT-00048	30	553,308	556,711	24.06	-
Darro II	IT-00062	30	498,613	500,244	20.68	-
Darro III	IT-00048	30	553,308	556,711	24.06	-
Malagón	IT-00062	30	498,613	500,244	20.68	-
Rodilana I	IT-00057	30	678,281	665,756	24.65	-
Rodilana II	IT-00058	30	676,029	663,910	24.57	-
Zalamea	IT-00460	30	289,807	279,276	10.71	-
Madridejos	IT-00085	30	536,419	539,192	22.46	-
Villanueva	IT-00505	30	364,295	351,192	12.56	-
Chozas	IT-00048	30	566,105	556,711	24.67	-
Torremejia	IT-00048	30	566,105	556,711	24.67	-
Lorca	IT-00048	30	566,105	556,711	24.67	-
Lupiñen	IT-00078	30	594,240	585,040	25.99	-
Campolara	IT-00507	30	394,857	381,948	13.69	-
Linares	IT-00058	30	676,029	663,910	24.57	-
Copero	IT-00058	30	676,029	663,910	24.57	-
Casa Quemada	IT-00058	30	676,029	663,910	24.57	-
Las Cabezas I	IT-00065	30	585,822	573,138	20.88	-
Las Cabezas II	IT-00053	30	670,038	658,088	24.80	-
Albaida	IT-00422	30	330,882	320,058	12.64	-
Villena I, II y III	IT-00062	30	510,145	500,244	21.23	-
Villena IV	IT-00030	30	573,453	562,150	11.95	-

## **Sonnedix España Equityco, S.L. and Subsidiaries**

### **AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 TOGETHER WITH THE CONSOLIDATED MANAGEMENT REPORT**

Authorization by the sole director of the Parent:

The accompanying consolidated financial statements (comprised of the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and notes thereto) for the year ended December 31, 2022, were authorized for issue together with the consolidated management report for the year then ended, by the natural person representing the sole director on ----, -- 2023. The accompanying consolidated financial statements and consolidated management report are set forth on -- pages, from page 1 to -  
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Mr. Miguel A. García Mascuñán  
In representation of the sole director of the Parent